

Purchasing Week

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\$6 A YEAR U.S. AND CANADA \$25 A YEAR FOREIGN

1961 Labor Picture Looks Orderly—As of Now

P.A.'s See Inventories Hitting Bottom by Spring But No Buying Flurry After Balance Is Reached

(A Special P/W Survey)

New York—Purchasing agents have just about reached rock-bottom in one of the sharpest inventory cutting sprees in history. But this does not necessarily indicate that a sharp spurt in industrial buying is about to begin.

• A majority of P.A.'s replying to a nationwide survey of industrial inventory and buying plans said that as of last week they finally had brought inventory levels of raw materials, parts and components, and semi-finished purchased goods into line with production needs.

• Most of those who said they planned still further reductions indicated they would reach their optimum lower levels during or by the end of the first quarter of 1961.

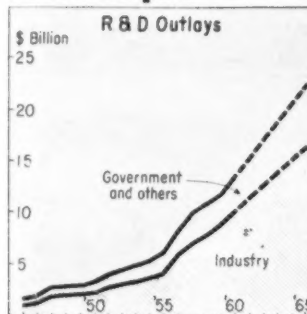
• Some P.A.'s said they might even step up the pace of their buying over the next 60 to 90 days. But the majority, by far, said that even if sales turn up, their current level of days supply would remain unchanged.

Replying to queries sent to more than 1,000 firms, P.A.'s indicated their buying pace during the first quarter of 1961 would remain virtually unchanged from final quarter 1960 rates.

Here are the reasons why purchasing men were extremely hesitant about forecasting any significant over-all increase in the pace of their buying activity:

• **Low production**—Most firms say they see no improvement in their firms production schedules over the coming quarter. Says one Midwestern hard goods P.A.: "The way orders have been coming in of late, I think we'll be lucky to do as well in the coming (Turn to page 26, column 1)

P/W Expands New Product Service



THE spectacular chart at the left above (prepared by the McGraw-Hill Economics Dept.) tells a story that is becoming more impressive with each passing year: We live in a world whose hallmark is invention and new products.

To keep you abreast of it, PURCHASING WEEK this week begins a major expansion of its already extensive coverage of New Products (page 16).

Under the direction of Senior Editor David Bressen and Associate Editor Thomas C. Hunter, this enlarged

"Weekly Guide to New Products" will continue to follow the handy format which enables you to paste on a regular 3"x5" file card all the vital information needed by a purchasing executive, including the target price and delivery date and an illustration specifically designed to highlight the key features of the product.

With these concise summaries of individual products will go the regular "Product Perspective" along with timely feature articles on future as well as the latest product trends and developments.

Navy Orders Crash Buying Program To Speed Repairs on Super-Carrier

Brooklyn, N. Y.—The Navy Dept. pulled out all stops last week in a crash buying program to speed repairs on the \$275-million super-carrier Constellation, gutted by a fire that claimed 49 lives and did an estimated \$75-million in damages.

In a move to slash procurement red tape, the department gave buying authorities at the Navy Yard here a blank check

to purchase items costing over \$2,500 for a 90-day period. (Normally, the supply department has authority to buy only items under \$2,500; higher priced materials are purchased by upper echelons of the Navy supply system.)

In addition, the Navy is sending a team of Washington buying experts to the yard to eliminate the time lag in processing buying orders and to advise yard officials on special procurement problems.

Meanwhile, yard officials were (Turn to page 4, column 4)

Steel Pricing Changes

Chicago — Stiffening price competition forced two major steel warehouse firms to revise their pricing schedules for Midwestern customers last week. The revisions by U. S. Steel Sup- (Turn to page 4, column 3)

Belgian Strike Creates Tie-Ups In U.S. Deliveries

New York—American firms doing business with Belgian companies face delivery delays of two weeks or more as a result of the general strike which paralyzed commercial and industrial activity throughout the country.

Here is how key importers in the U. S. are handling the crisis:

Indussa Corp., a major importer of Belgian steel products, suspended its sales activities until the strike situation is cleared up. The company warned U. S. customers that "some delay in shipment must be anticipated, especially on orders now awaiting shipment at the mills."

There will also be "some dis- (Turn to page 26, column 4)

Former Purchasing Man Named Studebaker Chief

South Bend, Ind.—A former purchasing man took over the reins of Studebaker-Packard Corp. last week.

Sherwood H. Egbert, executive vice president of McCulloch Corp., was elected president and chief officer of the automaker. Egbert, 40, joined the West Coast manufacturer of aircraft engines, (Turn to page 25, column 2)

—This Week's

Purchasing Perspective

JANUARY 2-8

THE tables may have turned in the aftermath of the Philadelphia price-fixing investigations. Throughout the year-long inquiry into electrical equipment industry pricing practices, activities of vendors were in the spotlight. Now the pressure is on purchasing departments.

The Pennsylvania Public Utility Commission said last week it would not tolerate attempts to pass along losses from rigged bid purchases to electric power customers. The commission said it would disallow any costs over and above a "fair amount" for heavy electrical equipment. Other state commissions are coming out with similar statements.

Sequels to the 1960 "Philadelphia Story" also include reports that some companies have started to check purchasing records of other types of equipment supplied by corporations that pleaded guilty in the recent antitrust cases. The reasoning is that perhaps all irregularities were not limited to just one department. Chances are they won't find anything; but the point is that management wants to keep out of the way of future federal and state-sponsored anti-trust-pricing inquiries.

(Turn to page 26, column 4)

P/W PANORAMA

• **What's on the Labor Horizon for 1961?** The handy timetable on page 14 shows at a glance what major industries will be engaged in collective bargaining this year, expiration dates of current agreements, and other data.

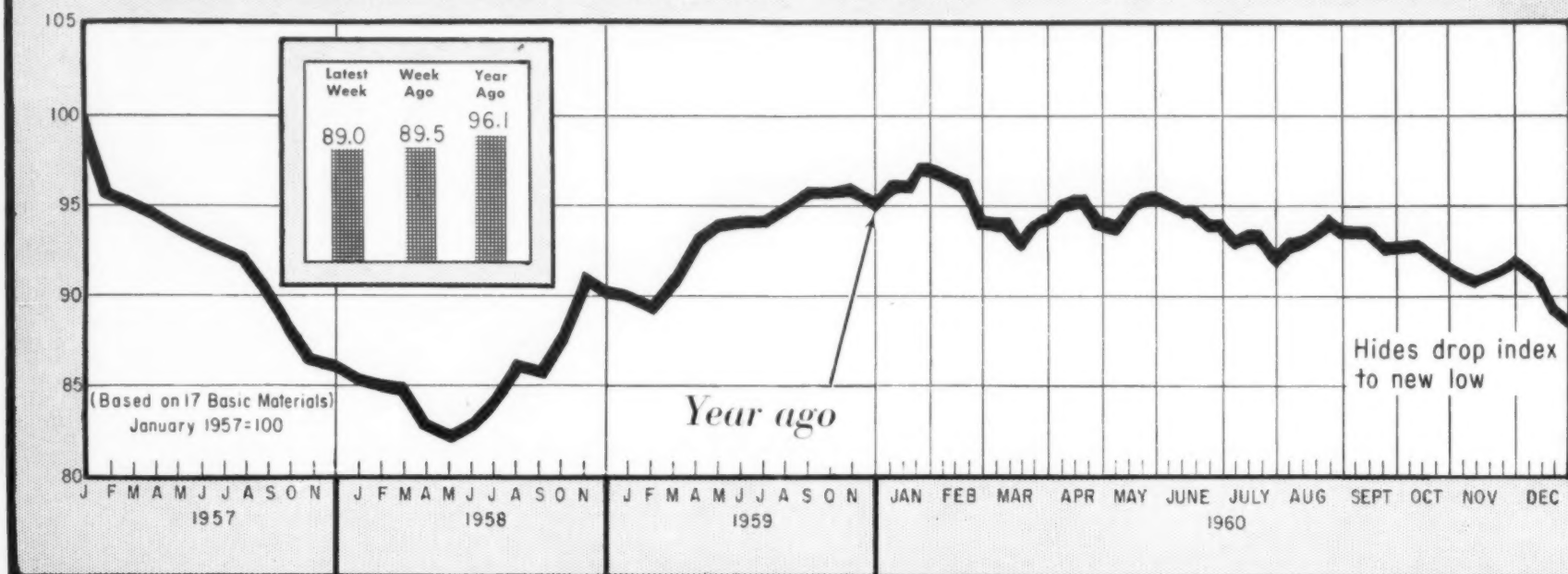
• **How Do You Figure Economic Order Quantities?** In its first session of the new year, "School for Strategists" offers one method to answer this question in the Operations Research problems on page 22. Try them; see how you do.

• **In What Areas Should a P.A. Concentrate** to make his role as a company manager more effective? With the leaf turned on another year, PW put this vital question to NAPA district vice presidents. For their answers, see page 11.

• **What Makes Copper Prices so Volatile**, and what is their outlook for the year ahead? A high official of American Smelting & Refining Co. answers these and other questions of importance to copper buyers in an interview on page 8.

Purchasing Week Industrial Materials Price Barometer

This index, based on 17 basic materials, was especially designed by the McGraw-Hill Department of Economics.



This Week's Commodity Prices

	Dec. 28	Dec. 21	Year Ago	% Yrly Change
METALS				
Pig iron, Bessemer Pitts., gross ton	67.00	67.00	67.00	0
Pig iron, basic, valley, gross ton	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton	80.00	80.00	80.00	0
Steel, structural shapes, Pitts., cwt.	5.50	5.50	5.50	0
Steel, structural shapes, Los Angeles, cwt.	6.20	6.20	6.20	0
Steel, bars, del., Phila., cwt.	5.97	5.97	5.95	-.1
Steel, bars, Pitts., cwt.	5.675	5.675	5.675	0
Steel, plates, Chicago, cwt.	5.30	5.30	5.30	0
Steel scrap, #1 heavy, del. Pitts., gross ton	27.00	27.00	42.00	-35.7
Steel scrap, #1 heavy, del. Cleve., gross ton	25.00	25.00	41.00	-39.0
Steel scrap, #1 heavy, del. Chicago, gross ton	26.00	26.00	40.00	-35.0
Aluminum, pig, lb.	.26	.26	.26	0
Secondary aluminum, #380 lb.	.23	.23	.239	-3.8
Copper, electrolytic, wire bars, refinery, lb.	.296	.296	.338	-12.4
Copper scrap, #2, smelters price, lb.	.233	.233	.26	-10.4
Lead, common, N.Y., lb.	.11	.11	.12	-8.3
Nickel, electrolytic, producers, lb.	.74	.74	.74	0
Tin, Straits, N.Y., lb.	1.004	1.006	.991	+1.3
Zinc, Prime West, East St. Louis, lb.	.12	.12	.125	-4.0
FUELS†				
Fuel oil #6 or Bunker C, Gulf, bbl.	2.30	2.30	2.00	+15.0
Fuel oil #6 or Bunker C, N.Y., barge, bbl.	2.62	2.62	2.37	+10.5
Heavy fuel, PS 400, Los Angeles, rack, bbl.	2.05	2.05	2.15	-4.7
Lp-Gas, Propane, Okla., tank cars, gal.	.045	.045	.05	-10.0
Gasoline, 92 oct. reg., Chicago, tank car, gal.	.126	.126	.116	+8.6
Gasoline, 84 oct. reg., Los Angeles, rack, gal.	.105	.105	.11	-4.5
Kerosene, Gulf, Cargoes, gal.	.193	.193	.095	+3.1
Heating oil #2, Chicago, bulk, gal.	.098	.098	.096	+2.1
CHEMICALS				
Ammonia, anhydrous, refrigeration, tanks, ton	94.50	94.50	88.50	+6.8
Benzene, petroleum, tanks, Houston, gal.	.34	.34	.31	+9.7
Caustic soda, 76% solid, drums, carlots, cwt.	4.80	4.80	4.80	0
Coconut oil, inedible, crude, tanks, N.Y. lb.	.134	.134	.19	-29.5
Glycerine, synthetic, tanks, lb.	.273	.293	.293	-6.8
Linseed oil, raw, in drums, carlots, lb.	.162	.162	.176	-8.0
Phthalic anhydride, tanks, lb.	.185	.185	.165	+12.1
Polyethylene resin, high pressure molding, carlots, lb.	.275	.275	.325	-15.4
Rosin, W.G. grade, carlots, fob N.Y. cwt.	17.50	17.50	13.10	+33.6
Shellac, T.N., N.Y. lb.	.31	.31	.31	0
Soda ash, 58%, light, carlots, cwt.	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton	23.50	23.50	23.50	0
Sulfuric acid, 66% commercial, tanks, ton	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb.	.061	.061	.06	+1.6
Titanium dioxide, anatase, reg. carlots, lb.	.255	.255	.255	0
PAPER				
Book paper, A grade, Eng. finish, Untrimmed, carlots, cwt.	17.75	17.75	17.20	+3.2
Bond paper, #1 sulfite, water marked, 20 lb. carton lots, cwt.	25.20	25.20	25.20	0
Chipboard, del. N.Y., carlots, ton	100.00	100.00	95.00	+5.3
Wrapping paper, std. Kraft, basis wt. 50 lb rolls.	9.50	9.50	9.25	+2.7
Gummed sealing tape, #2, 60 lb basis, 600 ft. bundle.	6.60	6.60	6.30	+4.8
Old corrugated boxes, dealers, Chicago, ton	13.00	13.00	22.00	-40.1
BUILDING MATERIALS‡				
Cement, Portland, bulk carlots, fob New Orleans, bbl.	3.65	3.65	3.65	0
Cement, Portland, bulk carlots, fob N.Y., bbl.	4.20	4.20	4.18	+.5
Southern pine, 2x4, s4s, trucklots, fob N.Y., mftbm.	116.00	116.00	126.00	-7.9
Douglas fir, 2x4, s4s, carlots, fob Chicago, mftbm.	129.00	129.00	139.00	-7.2
Spruce, 2x4, s4s, carlots, fob Toronto, mftbm.	82.00	82.00	89.00	-7.9
Fir plywood, 4" AD, 4x8, dealer, crld, fob mill, msf.	68.00	68.00	72.00	-5.6
TEXTILES				
Burlap, 10 oz. 40", N.Y., yd.	.14	.14	.107	+30.8
Cotton middling, 1", N.Y., lb.	.323	.323	.332	-2.7
Printcloth, 39", 80x80, N.Y., spot, yd.	.175	.175	.23	-23.9
Rayon twill, 40 1/2", 92x62, N.Y., yd.	.215	.215	.235	-8.5
Wool tops, N.Y., lb.	1.455	1.455	1.59	-8.5
HIDES AND RUBBER				
Hides, cow, light native, packers, Chicago, lb.	.16	.17	.215	-25.6
Rubber, #1 std ribbed smoked sheets, N.Y., lb.	.289	.289	.42	-31.2

† Source: Petroleum Week ‡ Source: Engineering News-Record

This Week's

Price Perspective

JANUARY 2-8

DON'T BE FOOLED by all the talk about price stability in 1961.

Most of these forecasts concern over-all figures—and these often mask opposing trends in specific areas. Thus, a look at the three major price components shows three different patterns emerging:

• **Cost of living index**—Consumer prices will continue to creep up. However, the rate of increase should decline—perhaps to half the 1 1/2% increase noted in the year just ended. This in turn will tend to limit cost-of-living wage boosts—thereby relieving some of the pressure on labor costs over the new year.

• **Sensitive commodity prices**—Trend here should take the form of a "V" pattern—falling until midyear and picking up as business demand improves. Tags should be back to current levels by year end.

• **Manufactured products**—Much depends on what steel and labor do (see PW, Dec. 26, p. 1). As of now neither should do anything spectacular—maybe another modest 3% boost in wage rates for labor and selective price hikes for steel later on in the year. If that's the pattern, then nothing more than a 1/2% rise is likely for this key price area over the year.

THE CONSUMER PRICE OUTLOOK is the rosiest in years.

Look for an over-all rise in costs of only 1/2% to 1% the smallest boost since 1955 when living costs remained virtually stable.

One thing for sure—food prices won't repeat their 1960 performance when they racked up a surprising 3% year-to-year gain. Farm abundance should keep any rises in this area to a more modest 1% in 1961.

Incidentally, the sharp 1960 food rise was responsible for more than half the 1 1/2% over-all gain in consumer prices in the year just ended.

More relief for consumers may come in the form of lower tags for hard goods. Price concessions, for example, are putting tags on new cars some 3.6% below those of a year ago.

And in the soft goods sphere—the decision of three Chicago-based mail order firms to reduce prices 2% to 5% could mean the end of the upward spiral in many general commodity items.

Services, however, is one area where little relief can be expected. Rent, medical, education, and other service costs are expected to continue their slow steady upward climb.

RAW MATERIAL PRICES will continue to show the most spectacular changes—both on the downside and upside.

But that's to be expected because these crude products are always sensitive to small shifts in supply and demand.

With the immediate demand outlook relatively bleak, further near-term weakness in this area seems to be in the cards. Thus early 1961 should see continuation of the downtrend which dropped the PW barometer more than 8% over the past year (see above).

The point is that sharp declines in such items as rubber, textiles, and copper may not yet have run their course. Further weakness in these areas could bring the index down close to 85 (Jan. 1957 = 100) by midyear. A business pickup in the second half would completely reverse this trend, however.

If this happens, commodities that suffered most will probably be the first to recover. Thus, copper which may be down to 26¢-28¢/lb. by midyear may rise to over 30¢/lb. by year end.

But ample capacity will tend to make such jumps few and far between. Best bet is for the index to slowly recover its first half loss—leaving year-end levels close to current readings.

Industry Crystal Gazers Forecast Continued Buyer's Market in Steel

New York — Steel industry estimates for 1961 point to a continued buyer's market in steel products.

Industry forecasts of ingot production ranged as low as 95-million tons. And, some industry observers, including U. S. Steel Corp.'s economist Bradford B. Smith, are predicting that 1961 output won't go above 95-million tons.

A somewhat more optimistic forecast was presented by James A. Roemer, board chairman of Sharon Steel Corp., who stated the ingot output may go as high as 105-million tons this year.

These industry forecasts compare with an estimate of 100-million tons for 1960. A year ago, steel industry spokesmen were expecting 1960 output to be 120-million to 130-million tons.

The 1960 estimate compares with 93.4-million tons for the strike year, 1959.

These industry predictions were made last week as steel production slumped to the lowest level since 1939 in a non-strike period. The shortened holiday scheduled dropped output to 39.4% of rated capacity, according to the American Iron and Steel Institute figures.

Some steel makers plan to push capital improvements in order to improve efficiency to compete more effectively in 1961. Republic Steel Corp. for example, plans to "take advantage of a pause in operations" to concentrate on upgrade efficiency, according to Thomas F. Patton, president.

Patton also stated that the steel industry will be improving its operations as inventory liquidation fades "even though the

actual rate of steel usage may slip a little early in 1961." He predicted a moderate improvement in steel operations in the first and second quarter of 1961, with the year ending in an upswing.

Meanwhile, despite the reduced level at steel mills, steel scrap market brightened. Dealers estimate December bids on No. 1 industrial bundles will bring increase of \$2 to \$3 a ton over November prices of \$25 a ton.

Cheer Up, Industry Tells Commerce Department

Washington—In the wake of the holiday season of good cheer, the Commerce Dept. is bowing to a firm request by a segment of industry to spread no more gloom, temporarily at least.

Officially, the department says Secy. Frederick H. Mueller is re-examining his policy of including a forecast for the coming year with a review of the year just ending in the annual reports published on about 80 industries. Mueller is likely to forego a decision until after Jan. 20—at which time, Democrat Luther

Hodges takes over the position.

The year-end practice was moving along innocently enough. Already out were reviews and forecasts covering the construction industry, household appliances, shoes, skins and hides, etc.—about 24 in all. And there were no complaints.

Then came autos—and a howl from Detroit at the department's prediction of a 13% drop in auto production in 1961. This was considerably more gloomy than the industry's own forecast—based on sales. The department

took notice of the industry's anguish by putting out an amended report, showing that sales in 1961 will not decline as much as output.

The odd part of the whole situation is that Commerce makes no real survey of its own in each industry, basing its reviews and forecasts on figures supplied by industry experts.

But even this has come to an abrupt halt. The remaining reviews will be published without the customary forecasts—unless Mueller ignores complaints.

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Justice Department Files Antitrust Charges Against 4 Carbon Dioxide Makers

Washington — The Justice Dept. has charged four makers of carbon dioxide with violating terms of a 1952 antitrust judgment which barred price fixing and restrictive agreements in the industry.

General Dynamics Corp., Air Reduction Co., Inc., Olin Mathieson Chemical Corp., Chemetron Corp., and four individuals were named in the government's petition.

The Justice Dept. charged the companies with several specific violations of the 1952 judgment, which broadly prohibited five carbon dioxide producers from a wide range of price fixing and market dividing practices.

Of the four companies charged in the government's petition only Air Reduction was a defendant in the original antitrust suit filed in 1948.

The petition filed in New York Federal Court claims the companies since 1953 have conspired to fix prices and terms of sale on carbon dioxide. It also claims they submitted noncompetitive bids to agencies of the federal government and that they established geographic price differences and agreed on a zone system of pricing.

Washington Perspective

JANUARY 2-8

The Kennedy Administration is counting on a varied bundle of increased spending programs—at least at the outset—to put some pep into the economy.

The spending increase won't be much at the start—even though a boost is given unemployment compensation, highway construction, housing, public works, and the like.

The hope is that a strong showing on programs such as these—along with minimum wage and medical insurance for old folks—will give a picture of decisive action in Washington which in turn will have a psychological effect on businessmen.

Kennedy's men count on the Administration's insistence on economic growth—accompanied by further unbalanced budgets—on swinging more firms toward spending to build inventories and for plants and equipment.

The spur that could help: the threat of continued oozing upward of prices—that is, inflation.

President-elect Kennedy's new chief economic adviser, Minnesota Professor Walter W. Heller, isn't sure that the quick anti-recession measures will be enough to give the economy a real boost by fall of next year. But he is not yet ready to recommend a quick tax cut as a recession cure, as he recommended during the 1957-1958 slump.

The latest government analysis of the situation—from the Dept. of Commerce—is still on the gloomy side. The department's economic seers note that manufacturing production "is being held back to pare inventories . . ." Says the department: Businessmen regard their finished goods inventories as being "on the high side at the present time."

There are, however, major sustaining forces in the economy that should prevent any drastic decline. State and local community purchasing has been rising steadily, with no end in sight. So is federal spending, despite efforts of the Eisenhower Administration to cut corners. This will get an additional boost now that Kennedy has accepted the concept of a deficit budget for his first year in office.

Exports also were on the plus side during 1960. But government experts warn that this trend may not continue, particularly if soft spots appear in West European economies.

Minor price increases may hit industrial users of fuel oil in March, 1961, as a result of import cuts ordered by the White House and Interior Dept. Prices of heating oils and diesels also may be up very slightly.

The Administration ruled that importers of crude and unfinished oil during the first six months of 1961 should be allocated 72% of their last voluntary allocation. This, experts believe, will exert a slight upward pressure on prices by March, despite the world surplus of oil and oil products.

Gasoline prices are expected to remain stable, with minor seasonal fluctuations. Gasoline still is in surplus.

A 50% increase in spendable consumer income by 1970 is implied in a projection of federal income and out-go in the next 10 years by Budget Director Maurice H. Stans.

The forecast, made in a farm conference speech in Denver, assumes continuance of economic growth at the recent rate, no change in tax rates, and relatively full employment. Under these circumstances, Stans says, federal income will rise to \$120-billion by 1970. It is about \$81-billion this year.

Glycerine Producers Reduce Prices

New York — Domestic producers cut refined glycerine prices 2¢/lb. in an effort to check the flow of crude imports into the U. S.

Shell Chemical Co. led the way with a 1¼¢ cut in synthetic refined prices, and producers of natural refined followed right along with a 2¢ slash on their product.

Both Shell and Dow Chemical Co. then dropped their synthetic another ¼¢ to meet the new price for natural. After the dust settled, this price lineup emerged for the chemical:

• Synthetic tankcar price for 99.5% material: 27¼¢/lb.; new carlot price: 29¢; LCL: 29¼¢.

Tankcar price for 96%: 26¼¢; carlot: 28¢; LCL: 28¾¢.

• Natural tankcar price for C.P. (chemically pure) 99% material: 27¼¢/lb.; carlot: 28¾¢; LCL: 29½¢. Tankcar price for high gravity 99%: 27¢. Prices for C.P. 96% material are the same as for 96% synthetic.

The price cuts do not signal an intramural battle between natural and synthetic for domestic markets, but rather an effort by producers of both materials to discourage the swelling importation of crude, and enlarge the market for glycerine products, from both natural and synthetic material, over other products.

Water Carriers Win Round in Fight With Rails

New York — Water carriers have won a significant legal skirmish in their battle with railroads over "bargain rates."

In a decision involving Seatrain Lines, Inc., an ICC examiner laid down the principle that water carriers should get equal treatment with the railroads as far as joint rail-water-rail rates are concerned.

Wide Implications Seen

Although the decision involves only the one company and applies to only one commodity, aluminum, the examiner's report is expected to have wide implications on joint rate cases.

The decision dealt with joint rates by railroads on shipping aluminum from Alcoa's Sandow, Tex. plant to its fabricating plant in Cressona, Pa.

In an attempt to retain traffic the railroads reduced the rate of aluminum from \$1.43/100 lb. to \$1.19/100 lb. in less than two years, but did not cut rates for short hauls to and from ports to enable water carriers, such as Seatrain, to participate in the traffic.

The water carriers have maintained that the railroad practice

of reducing long overland rates, while not cutting short hauls to ports where water operators are involved, constituted "discriminatory rate barriers."

In his decision Examiner T. Russell Roper supported the waterways operators. "Failure of the rail carrier to provide proportional rates . . . unlawfully discriminates against rail-water-rail routes and is contrary to the provisions against unfair and destructive competitive practices in the national transportation

policy," Roper pointed out.

The Inland Waterways Common Carriers Assn. has been fighting to repeal the ban on charging less for long hauls than for shorter ones over the same route. The ban is part of the original Interstate Commerce Act of 1887.

Some recommendations on this provision are expected to be included in the special report on transportation problems to be issued by a Senate subcommittee later this month.

Navy Cuts Procurement Red Tape To Speed Super-Carrier Repairs

(Continued from page 1)

set to use still another expediting tool granted them under the emergency provisions of the Armed Forces Procurement Act. This measure will enable them to buy materials and equipment by direct negotiation with the original supplier (or other suppliers) on the basis of the previous price—without going through the time-consuming process of calling for public bids.

Public bidding will be used only where lead times permit.

Other Buying Changes

Other exceptions to standard purchasing techniques, officials said, will include:

• Use of spare parts. The Navy will use the inventories of some 90,000 different items, part of the original construction requirements. These will help ease shortages of specially designed tools and other equipment. Spare parts will be replaced by normal procurement methods.

• Proprietary buying where requirements of various systems are known.

• Spot purchasing and blanket orders for off-the-shelf items. Paying retailer's price will be less expensive than holding up major repairs, officials pointed out.

• Exercising priority under Defense Material Priority System to requisition key items slated for civilian use.

A major problem facing the Navy in its rush to make the Constellation seaworthy again is the question of repair vs. replacement.

"Repair is a function of manpower," a top supply official told PURCHASING WEEK. "We can handle that in the yard with extra shifts, overtime, etc., but replacement is a function of supplier capacity, over which we have little control."

"If the critical job-controlling systems, with long lead times have to be replaced, there will be major bottlenecks in meeting the completion deadline."

The decision to replace rather than repair will be made by Admiral Pyne on the technical advice of Navy and vendor engineers.

While the Navy prepared a buying crash program, and crews of shipyard workers cleared tons of debris from the ship, teams of marine engineers together with field representatives of supplier companies began surveying the damage to the 75,000-ton super-carrier.

Immediately after the fire, Dec. 19, Rear Adm. Schuyler N. Pyne,

commander of the Navy Yard, estimated the damage at \$75-million. He said it would set back completion of the ship by about a year. The Constellation was to have been delivered to the Navy next May for service with the Pacific fleet.

'True' Cost in January

Navy spokesmen told PURCHASING WEEK that the true cost picture will not be known until the damage survey is completed some time in early January. "Damage could be half or twice as much as the original estimate," said one Navy officer.

Engineering officers pointed out that it was the fire and water damage to cable and equipment rather than structural steel that worried them most. More than 2-million lb. of ¼ in. weld metal, 185 miles of piping and 300 miles of electrical cables had been installed on the carrier.

Special Appropriations

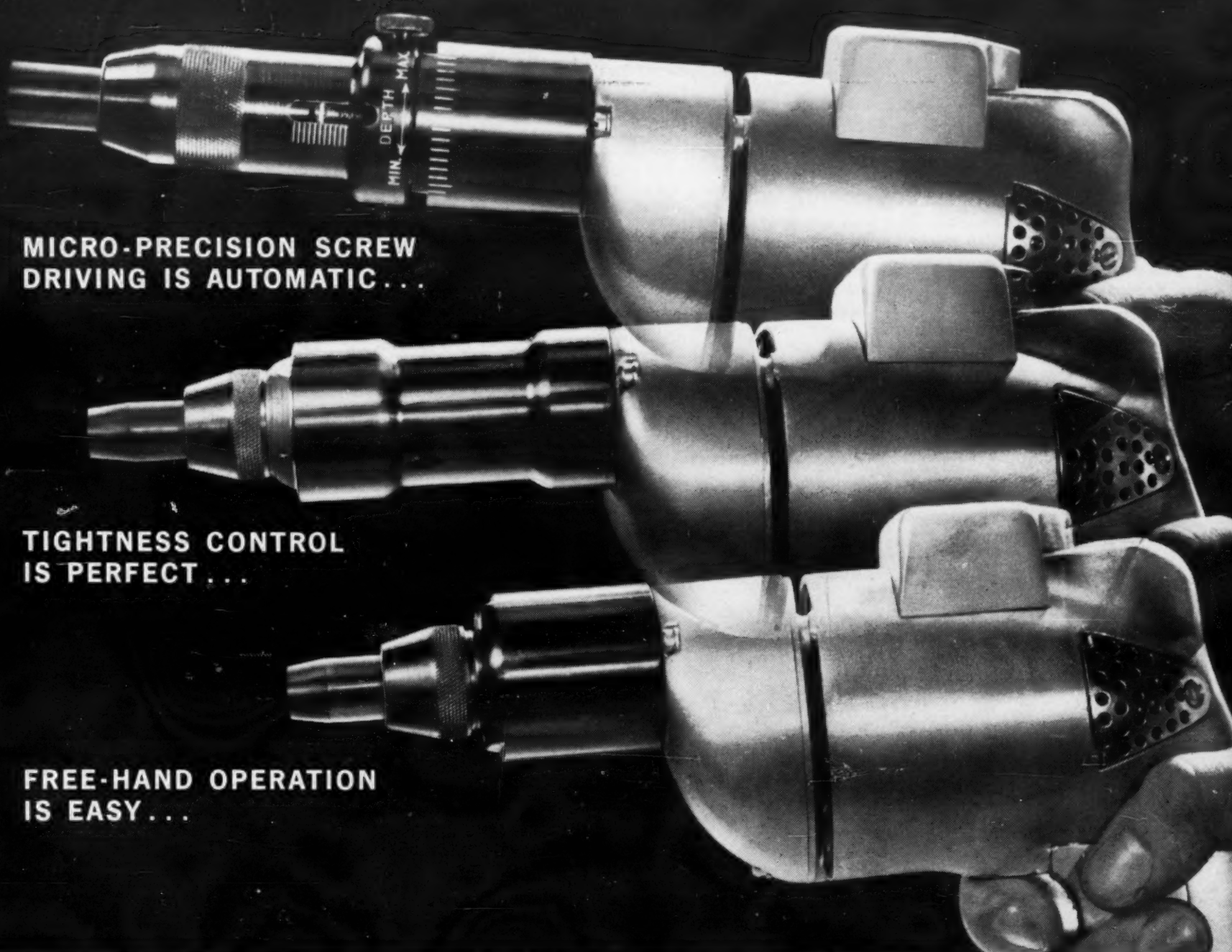
Meanwhile, in Washington, Rep. George H. Mahon (D-Tex.), chairman of the subcommittee on defense appropriations, said Congress will appropriate the needed funds for the repair of the Constellation and that the money "would not be taken out of the hide of the Navy." However, he indicated the disaster may bring a re-evaluation of the place of supercarriers in the nation's defense setup.

New Rules Set for Pilots On Great Lakes, Seaway

Washington—New regulations to standardize the use of pilots for ships on the Great Lakes and the St. Lawrence Seaway route will be published soon. However, the new pilotage rules won't increase shipowner costs much, if any.

President Eisenhower is expected to designate three areas in the Seaway route where ships will be required to use special pilots. A flat fee of around \$200 for each time a pilot is used regardless of ship size is being worked out by the U. S. and Canadian governments. This would mean, for example, that a round-trip from the Seaway entrance to Duluth would cost some \$1,200 in pilotage fees. Now, it varies widely both in what the pilots charge and how often they are used.

The new regulations are expected to be in effect by May 1961.



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New Standards Issued for Douglas Fir Plywood

Tacoma, Wash.—The Dept. of Commerce has issued a new commercial standard for Douglas fir plywood that incorporates the latest advances in the field.

The standard, (CS 45-60) drawn up by the department's Commodity Standards Div., is also designed to clarify meanings of past standards. It includes these changes:

- Western Larch, commonly called Tamarack, is accepted as equal in value to coastal type Douglas fir.

- Only Douglas fir of the "coast

type" classification may be used in plywood conforming to the new standard. Other Douglas fir, grown elsewhere, is grouped with certain other "western softwood species" used in plywood and is covered in a separate classification standard.

- Manufacturing specifications and testing procedures for scarfing panels and veneers, an important process in the production of extra-long panels, have been added.

- New overlays, developed by research, are permitted. Form-

erly, only a specific overlay, conforming to specifications of the previous standard CS 45-55, was permitted on manufactured panels.

- "Underlayment" grade panels are clearly listed for the first time. The new standard calls for a better grade of veneer next to the face to combat puncture problems caused by new "spike" heels on women's shoes.

- New grades—marine exterior, decorative panels, and C-D with exterior glue—have been added to the standard.

GE Wins TVA Generator Contract Despite Lower Bids From Abroad

Knoxville, Tenn.—General Electric Co. won out over Westinghouse Electric Corp. and three foreign firms in the bidding for a contract from TVA for two 800,000-kw. steam turbine generators, said to be the largest ever planned.

The GE bid of \$30.4-million, some \$3-million under the firm's original raw bid of \$33.6-million, was still considerably above the low bid of \$25,902,500 by C. A. Parsons & Co. of Great Britain,

and not much lower than Westinghouse's figure of \$30,890,000. Under the terms of the bidding, the award was to be made to the lowest American estimate—if it were within 20% of the lowest foreign bid.

The award to GE should lessen criticism by domestic manufacturers that the government agency is importing too many giant steam turbines from abroad. The controversy reached fever pitch last year when TVA ordered a 500,000-kw. generator from C. A. Parsons. TVA, which reportedly saved \$6-million on the foreign purchase, said domestic bids were 50% above Parsons'.

Last November, a petition by GE and Westinghouse for White House curbs on steam turbine generator imports was turned down by the Office of Civil and Defense Mobilization.

The GE contract also underscores the fact that for some time TVA has not been receiving "the identical bids on heavy electrical equipment that we once did," purchasing director Paul Fahey told PURCHASING WEEK.

The problem now centers on small equipment, Fahey said, "where identical prices exist in so-called off-the-shelf items which the companies regard as 'dime store' items and therefore believe should be priced identically."

Fahey cited insulators (both suspension and stacking types), lightning arrestors, and instrument transformers as items he would like to see priced more competitively.

The solution, in some cases, has been overseas purchases, he said. He pointed out that a current shipment of 10 in. insulators from Japan was purchased at 20% below identical domestic prices of \$3.25 per unit. The Japanese price: \$2.52 or \$2.55, depending on the destination within the TVA power service area.

ICC Chided for Refusal To Let Truckers Serve All of a Shipper's Needs

Washington—The staff of a Congressional committee has criticized the Interstate Commerce Commission for refusing to grant a trucker authority to serve all the transportation needs of a single shipper.

The criticism is contained in a report to members of a House subcommittee which has held a series of hearings on the functioning of government regulatory agencies over the past two years. The report represents views of the staff only. The subcommittee members themselves will not make public their conclusions until next month.

The staff said that "one of the most serious problems generated by regulation of motor carriers has been the fragmentation of motor carrier operating authority."

The result of this, it said, "is that shippers often have to deal with numerous carriers, entailing congestion at their docks and time-consuming efforts to keep informed about operating authorities, rates, etc."



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Economists See 'Recession' Ending by Mid-'61

New York—A group of nationally-known economists unanimously agreed that "the current recession will not run through the second half of 1961."

They cited strength of end product demand and the continued high confidence of businessmen and consumers as the big reasons for their "end of recession" forecast.

The economists, speaking as panel members of the National Industrial Conference Board's Economic Forum, predicted that 1961 would move in low gear during the first and second quarters, then shift into high gear during the second half of the year. The group also predicted:

- The gross national product will remain at its present level (\$500-billion to \$505-billion) into mid-1961, but will climb to roughly \$518-billion by the year's end. Gains will be in real products rather than in inflated prices.

- Relative price stability will prevail in 1961 with virtually no change foreseen for the wholesale price index only and a 1% increase expected in the consumer price index.

- Unemployment, now about 4-million, is expected to rise to a peak of 4.8-million during the second quarter of 1961. A decline during the second half of the year should show a year-end figure of 4.1-million unemployed.

Martin R. Gainsbrugh, chief economist of the NICB said the Forum saw the fourth quarter 1960 gross national product averaging out at \$502 billion, "or a little bit lower than it is currently." The same figure was projected for the second quarter of 1961.

Going beyond that figure to the second half of 1961, he said, "not a member of the Forum, on the basis of the figures submitted, is of the belief that this recession would run through the second half of 1961."

Panel members also did some

crystal gazing to determine what the coming year has in store for specific industries and business areas. For example:

- **Steel ingot production** probably will drop from the expected total of 100-million tons this year to about 95-million tons in 1961, according to an estimate by Bradford B. Smith, U. S. Steel economist.

- **Inventory changes** may be small in 1961, said Louis J. Paradiso, Asst. Director-Chief Statistician of the U. S. Dept. of Commerce, "with the reduction in

the first half about offsetting the net accumulation which may occur in the second half." He also said that the rapid turn-around in inventory policy and lagging sales were two major factors for the slow deterioration of employment during 1960.

- **Government spending** is "one of the very few sectors of the entire economy in which definite and fairly substantial strength will be operative throughout the year," said Edwin B. George, Dunn & Bradstreet economic consultant.



MORE STEEL PER REEL: New high-speed welding line at U. S. Steel Corp's Youngstown Ohio District Works turns out steel coils up to 30,000-lb.—four times previous coil size. Above, new coil dwarfs old.



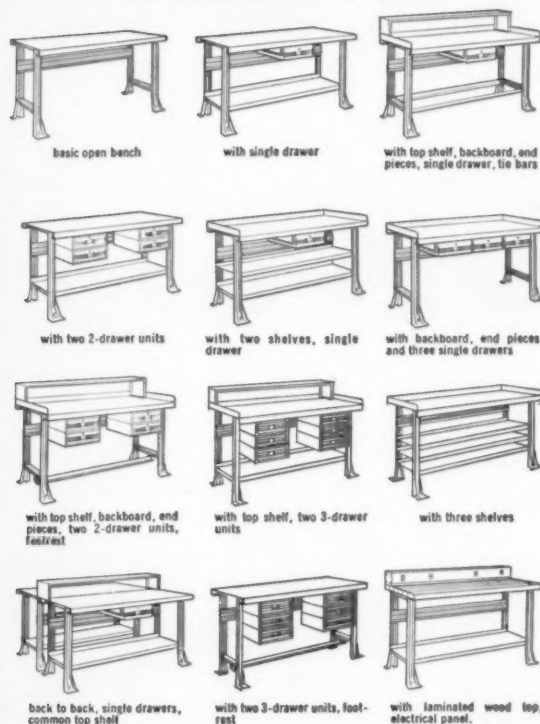
FTC Orders Two Firms To Cast Off Acquisitions

Washington — The Federal Trade Commission ordered Pillsbury Co., Minneapolis, and Scott Paper Co., Chester Pa., to divest themselves of merged companies in separate antimerger cases which have been in the works for several years:

The commission ruled that two Pillsbury transactions violated Section 7 of the Clayton Act because they could result in a substantial lessening of competition or the creation of a monopoly in the sale of flour and home mix bakery products. Pillsbury was ordered to divest itself of Ballard & Ballard Co., Louisville, which it acquired in 1951, and Duff's Baking Mix Div. of American Home Foods, Inc., Hamilton Ohio, acquired in 1952.

In a separate decision, the commission ordered Scott to divest itself of Soundview Pulp Co., Everett, Wash.; Detroit Sulphite Pulp & Paper Co., Detroit; and Hollingsworth & Whitney Co., Boston. The commission said acquisition of the three companies violated the Clayton Act.

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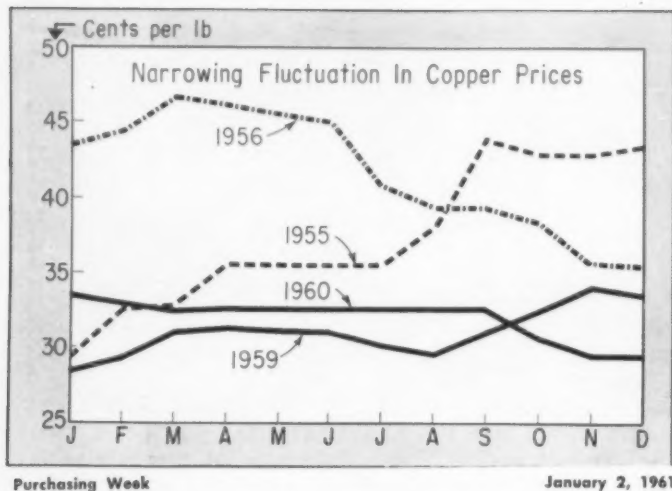
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Asarco Official Predicts Narrowing

New York—Copper prices in 1961 should average out close to the current level of 30¢/lb.—assuming, that no major political upheavals occur in Central Africa and that the economy develops more steam during the second half of the year. This is in line with the trend in recent years for price fluctuations in copper to get narrower and narrower.

That's the way Simon D. Strauss, vice president of American Smelting and Refining Co., summarized the prospects for the

coming year in an interview with PURCHASING WEEK. Strauss, a former consultant with such government agencies as the Defense Procurement Agency, and the Office of Defense Mobilization, is a world renowned authority on copper pricing and production.

P.A.'s according to Strauss, will probably be hearing a great deal about schemes to stabilize world copper markets, as countries like Chile, whose economies are heavily dependent on the

volatile metal, continue to push hard for international price supporting agreements.

Commenting on the prospect for achieving price stability through international agreements, Strauss pointed out that even if one price were agreed upon, the whole picture could be upset by a number of unforeseeable factors, such as competition from other materials and technological innovations. In the final analysis, he said, "supply and demand—are the best determinants of copper prices."

Other highlights of the Strauss interview (in question and answer form) follow:

Q. Why are copper prices unstable compared to other metals such as aluminum and steel?

A. The answer—as with most price comparisons—boils down to the difference in cost structure. It takes approximately 125 tons of ore to produce one ton of copper. If we assign a reasonable cost to copper ore—say a little over \$2 per ton—then about 60% of the cost of producing copper can be attributed to mining.

In steel and aluminum, mining makes up much less of the finished product cost. In 1958, for example, the U.S. produced 85-million tons of steel using about 95½-million tons of ore—or about 1.12-tons of ore per ton of steel. That year we also produced 1.56-million tons of aluminum from 6½-million tons of bauxite; that makes the ore-aluminum ratio about 4 to 1.

Figure \$8.60 per ton for iron ore and \$8 per ton for bauxite, and you find the mining cost in steel amounts to approximately 9% of the price of finished steel and for aluminum—between 5% and 6%.

Putting all this another way: Aluminum and steel are primarily processing industries while copper is a mining industry.

Q. Why should that make copper prices fluctuate more than the others?

A. Because processing costs are more or less standardized. True, they may vary slightly from producer to producer, but the expense of transportation, fuel, and process labor is roughly the same for each type of metal.

Variations in cost for each metal come chiefly in the mining where great differences are found in ore quality and mining conditions.

So, since the most variable cost factor—mining—makes up the greatest part of the cost of copper, the price of copper is basically more unstable than aluminum and steel.

Other factors that contribute to copper price fluctuations are political difficulties in copper producing areas like Africa and South America, and the industry's long history of labor troubles. Kennecott, for example, has lost 500 days—15% of its production time—in strikes over the past 10 years.

Q. How about lead and zinc? Isn't their cost structure similar to copper's? Yet these prices have changed much less frequently than copper, why?

4 COMMON PROBLEMS IN LABELING

(and how the Arabol man helps you solve them)



1. THE LABEL CURLS—If this happens immediately after application, don't blame the adhesive. Such things as paper coating, grain, ink or die-cutting may be at fault. If you're stuck with a huge inventory (it always happens), your Arabol representative may be able to save the day by prescribing an adhesive with higher solids, for faster rate of set. Or perhaps he'll offer helpful suggestions on machine adjustment.



2. THE LABEL FALLS OFF—This usually happens at the worst time—after your bottle reaches the customer. There are two possible reasons: (1) a special silicone coating on the glass is preventing proper adhesion; or (2) if hot liquids are being packed, the adhesive is crystallizing before it forms its bond. The solution? Call your Arabol man. He'll have the formula adjusted so that you get proper adhesion.



3. THE LABEL BLISTERS—Spotty application of adhesive may be to blame. If so, your labeling machine probably needs adjustment. The bottle is often the culprit, too. Its surface may contain bulges or hollows. Or, once the adhesive is applied, the label's printed side may expand or contract at a different rate from the underside. Your Arabol man can usually make the diagnosis and prescribe the cure.



4. THE LABEL IS DISCOLORED—Sometimes unsightly spots appear immediately after the label has been applied. Or, they may crop up weeks later in storage, especially when humidity is high. Either way, something has happened to cause a chemical reaction between paper, ink and adhesive. The solution may call for an adjustment in your adhesive formulation. A problem like this requires some canny sleuthing, but your Arabol man is up to it.

THE BEST WAY to solve adhesive problems is to prevent them from happening. You can begin by telling us *all* the conditions your adhesive must meet—in your plant, in transit and after it reaches your customer. You may not be aware of how important some of these conditions are. To help you understand them more fully, we have prepared an interesting booklet that has saved many of our customers no end of aggravation—and money. It's called "HOW TO BUY ADHESIVES—23 BASIC YARDSTICKS." It makes interesting reading. Send for it today.



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Range of Copper Price Fluctuations

A. It's true that the cost structure for lead and zinc is closer to copper than it is to aluminum and steel. But their recent stability is partly explained by the fact that their prices are so low that they don't have much room to go down—even in slow times such as we're now experiencing. Also in these two metals we have the insulating effect of import quotas.

Q. Does foreign competition have an unsettling effect on domestic copper prices?

A. Yes and no. Foreign copper prices fluctuate much more than ours do. On the London Metal Exchange, for example, they change daily.

The 1.7¢/lb. duty on imported copper plus shipping and handling charges provide a buffer margin of just under 3¢/lb. for American copper. When the London quotes go more than 3¢/lb. below the American level for a period of time, we must lower our prices. To do otherwise would be unfair to our customers. They have enough problems—such as cheaper foreign labor—to contend with without the additional burden of higher raw material costs.

Q. Copper companies seem very slow to curtail production in times of high output—slow demand. Why don't they cut production more quickly like steel and aluminum producers do?

A. There are a number of factors that make copper producers hesitate to restrict production. For one thing, the economics of mining operations make it expensive to curtail production; costs tend to go down much less than output. And if you shut down a mine entirely, starting it up again is a slow and expensive process. That's why copper production generally lags a spurt in copper demand.

Also the recovery of associated metals may make it pay to keep a mine going. In lead, for example, a company can sometimes recover enough silver to make up for the loss it suffers with low lead prices.

But most important perhaps, is the social aspect of the problem. A mining operation generally supports the town it's located in. And if the mine shuts down the employees are hard put to find other jobs.

The problem isn't so serious for steel and aluminum as it is for copper. Since their mining costs are a small percentage of their total production costs, they can continue to mine and stockpile the ore while they limit production by cutting down processing operations. Processing usually goes on in more populous centers where alternative employment opportunities are available to laid-off workers.

But when the copper industry curtails production, it means shutting down mines; and that's a serious step when a community is dependent on a mine for its means of livelihood.

Q. Do you think, then, that instability will continue to characterize copper prices?

A. Copper prices should con-

tinue to change, but fluctuations will tend to narrow. If you want to illustrate the trend toward more stability just compare the prices for copper in 1955 and 1956 with those of 1959 and 1960 (see chart, left).

There are a couple of good reasons for expecting a much greater relative stability in copper prices.

First, the geographic production is being broadened by new discoveries—copper deposits in Australia and Peru are examples.

This makes for less dependence on single sources of supply and in this way, promotes price stability.

Another reason is greater consumer sophistication. Purchasing agents are able to anticipate shortages due to labor troubles and other production bottlenecks much better than they used to. Since they're now better able to keep a normal supply flow going, the panicky buying that used to scare copper prices up and down has been minimized.



SIMON D. STRAUSS: American Smelting & Refining Co. vice president stresses the social problems involved in copper price policies.

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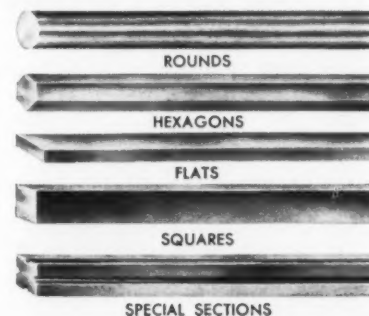
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Vol. 4, No. 1

January 2, 1961

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P/W MANAGEMENT MEMOS

A collection of timely tips, quotations, and inside slants on management and industrial developments, along with a run-down of events and trends of use to the purchasing agent.

Invitation to Learning

Should you take notes at conferences? Or is it better to just lean back and follow the speaker's train of thought without the added burden of jotting down the important points?

People who choose the latter way are really rationalizing their own mental laziness, according to Jules B. Singer, a marketing consultant. Writing in "Sales Management" magazine, Singer points out that most people who take the easy road to learning soon find their attention wandering, with the result that they miss most of what's being said.

Note taking, on the other hand, comments Singer, is one of the best ways of exercising your powers of concentration. By translating the speaker's thoughts into your own running commentary you are actually ensuring a higher retention of important facts, with the result that you are better able to participate in the discussion that follows, as well as put some of the ideas you've absorbed into action.

To encourage note taking, Singer recommends that conference managers:

- (1) Provide paper and pencils for everyone in the audience.
- (2) Make sure there's a writing surface—a table or even a clip board.
- (3) Invite listeners to copy down important charts and figures—and give them time to do it.
- (4) See to it that talks are organized so that notes can follow an outline form.
- (5) Keep all handout material under wraps until the conference is over.

Sound and Fury

Managers who are forever tampering with a firm's organization chart—either because it's the thing to do, or just because they're moss backs—live in deadly fear of any kind of change.

Sometimes the fellow who likes change for its own sake is an even greater menace to his company's existence than is the standpatter, according to Harold Upro, an operations research specialist at Teletype Corp. Writing in the "Journal of Engineering," Upro points out many reorganizations are just so much sound and fury, signifying nothing. The trouble is, though, that even when the reorganization is essentially mean-

ingless, personnel tend to lose their sense of security, Upro says.

When there is a definite need for a new organization structure, of changed departmental and personnel relationships, Upro prefers the "accommodation approach" to bring them about.

Top management tells the local manager involved what results they must produce. Local managers and employees work out their own organization, "accommodating" their existing methods to the new requirements. This builds acceptance for the new plan from manager down to the lowest level in the department.

Unfortunately this isn't the way most changes are made. More common is the "Earthquake Approach," which announces and effects the new plan simultaneously. "Here," says Upro, "morale is injured and the reorganization plan's success is seriously hampered."

At the other end of the scale is the "perpetual reorganization" approach. Here the company continuously reviews its organization and is always making small, almost unnoticeable changes. This way keeps the group from being disturbed by a large change dropping from corporate heaven.

Where to Find It

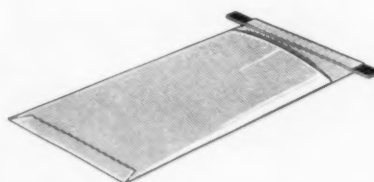
Trade and technical associations are often good sources of information for the businessman in a hurry—they'll supply data on a wide variety of topics, from materials specifications to possible suppliers. The trouble is that finding the right one for your needs is not easy—because there are over 2,000 such organizations in the U.S. alone.

Now to make things a bit easier for all concerned, the Dept. of Commerce has issued an 86 page Directory of National Associations of Businessmen that lists the whole batch—and gives a great many useful facts about them. Price: 50¢ from the Government Printing Office, Washington 25, D. C. or nearest Dept. of Commerce Field Office.

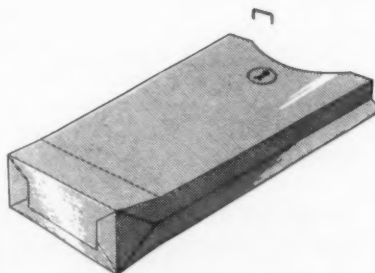
Short Pointer

The pocket watch on a heavy gold chain, once the badge of the railroad engineer's and conductor's calling, may be on its way out. The New York Central Railroad made the first break with tradition when it officially adopted a wrist watch especially designed for railroad use by Elgin National Watch Co. The timepiece incorporates a split-second setting device and a special iron dial that offsets the effect of magnetic fields.

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PURCHASING WEEK Asks NAPA Vice Presidents

In what areas do you think a P.A. should concentrate to make his role in his company management more effective in 1961?



K. A. Schmitz, District 1
E. J. Bartells Co., Portland, Ore.:

"To make his role more effective, the P.A. should run an efficient department. Knowing management's expectations, he should: (1) have on hand all materials and supplies when required—all purchased at the best possible price, maintaining the required quality, (2) practice value analysis and standardization, (3) be a company man—consider his company first in all transactions and carry out their established practices, (4) make reports to management on time."



W. S. Adamek, District 2
American Electric Co., Wichita, Kans.:

"In 1961 I believe the purchasing agent should put special emphasis on his work as being a personal challenge. He must look for new ways to improve his work and express his views frequently. He must add extra values to his services by helping to add teamwork to his company. The creative thinking P.A. will contribute new ideas, new techniques, and new solutions to the present day demands."



H. J. Jungbluth, District 3
RT&E Corp., Waukesha, Wis.:

"Purchasing's major contribution should be in the area of profit improvement. Materials usually account for more than 50% of the dollars spent by any business. The initial cost of materials from the standpoint of value as applied to function, the proper selection of the sources, plus the proper scheduling of materials to develop an intelligent and efficient flow to and through the manufacturing process will bring the results we are speaking of."



Glenn Baumhardt, District 4
Redmond Co., Inc., Owosso, Mich.:

"Purchasing people will have to be more alert than ever to new developments in products and materials, as well as processes and machines. Similarly, progress in electronic data processing equipment, as well as in other methods of improving purchasing techniques, will have to be observed closely. With a new Administration, attention will have to be given changes in government policy as affecting taxes or other operating procedures."



Clinton Bishop, District 5
Alan Wood Steel Co., Conshohocken, Pa.:

"The P.A. who fails to take advantage of negotiating is not worthy of participating in his company's top management. This should apply to capital equipment, contracts, and quantity purchases of most items. He should solicit the cooperation of engineering, operating, and maintenance to make negotiating more effective. The P.A. must be sure he functions on the highest ethical plane at all times."



A. B. Wadsworth, District 6
Allegheny Ludlum Steel Corp., Pittsburgh:

"In this period of recession, lower costs are important. Any way to achieve this should be the purchasing manager's field of concentration. Materials management, value analysis-standardization, cost and price analysis, inventory planning and control are some of the tools with which to accomplish this. With these he should combine economics, leadership, and a broad conceptual outlook on all phases of his company."

(Continued on page 12)

QUALITY IN STOCK

For You Mr. Purchasing Agent

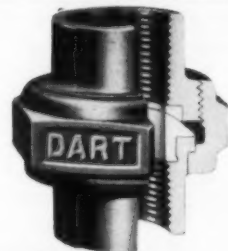
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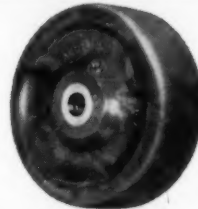
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THE **Fairbanks** COMPANY

Foreign Perspective

JANUARY 2-8

London—The growing weakness in commodity prices and lagging commodity exports are clouding the outlook for commodity producers.

Most observers view these as long-range weaknesses, brought on by such factors as synthetic materials and western protectionism toward agriculture and other resources.

Among the steps being taken to deal with the problem: commodity price stabilization agreements, further opening of western markets to foodstuffs and manufactured goods, accelerated industrialization in the commodity producing countries.

Paris—The six nation Common Market managed to settle differences in time to make its 10% tariff cut between members effective by Jan. 1, a full year ahead of the agreed timetable.

They'll also begin setting up a common external tariff this week, also a year ahead of time.

The wrangle occurred over agricultural products: Holland was annoyed at German eagerness to push for speedup of industrial rather than agricultural tariffs.

Failure to have solved the difficulty would have created bad feeling among members and may have even jeopardized the future of the Common Market itself.

Moreover, by the end of next June, ministers will be meeting again to decide on further speedup plans. The compromise worked out last week will make this task easier.

London—A price fixing practice in the British automobile industry was banned by law last week. The principal beneficiary: fleet owners.

Under the now illegal plan, manufacturers could set prices collectively and franchise only dealers who complied with prescribed conditions concerning discounts, staff, equipment and premises. From now on, manufacturers will not be able to act collectively, though there are signs that manufacturers will continue to operate similar schemes "independently."

Even so, a price war is unlikely because price slashing will still be forbidden to dealers. However, there will be no restrictions on discounts, a situation from which fleet owners will benefit.

Tokyo—These developments put the world trade spotlight on Japan last week:

- Plywood exports to the U. S. were slashed to meet competition from Philippines and Nationalist China. Export quotas were reduced to 150-million sq. ft., 40-million less than the same period in 1960. In addition, the floor price of plywood for exports set up last summer was discontinued, effective Jan. 1.

- The coal industry rationalization plan came afoot of falling world oil prices. There is growing apprehension that the plan will not make domestic coal competitive. The Ministry of International Trade and Industry appointed a new four bureau Energy Deliberation Council to study the matter. Problem could become serious as the Japanese government is pledged eventually to drop import restrictions on crude oil as part of the program.

- A new trade agreement with Russia steps up trade with the Soviet Union to \$160-million in 1961, compared with \$125-million last year. A big factor was Russian agreement to increase crude oil shipments.

- Two Japanese steel firms received \$22.8-million in new financing from the World Bank and sale of private securities.

Richmond, Va.—Reynolds International Inc., announced it has entered into a preliminary agreement with the Venezuelan government to build an aluminum plant in the southeastern Caroni region of the country. The new facility, first of its kind in Venezuela, is slated to go into production in late 1962 or early 1963.

The agreement provides for 50% ownership by Reynolds and 50% by a company owned by government interests, now being formed.



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PURCHASING WEEK Asks NAPA Vice Presidents

In what areas do you think a P. A. should concentrate to make his role in company management more effective in 1961?

(Continued from page 11)



C. E. Temple, District 7
Allis-Chalmers Mfg. Co., Gadsden, Ala.:

"Values are paramount now. A 1961 purchasing agent would first have his own department a model of efficiency and orderliness. He would demand that his suppliers effect every possible economy and show ingenuity and resourcefulness to offer 'best buys.' He will study intently new developments in materials management, data processing, improved processes, and materials."



F. C. Esser, District 8
Westinghouse Electric Corp., Lamp Div., Bloomfield, N. J.:

"Programs and methods must be established to reduce the cost of purchased material. Interviewing sales representatives is not enough. We must visit supplier's plants. We must arrange group meetings with suppliers, attended by engineers and idea men of both companies, and work out programs for lower costs and better quality products."



Herbert Layport, District 9
Wyman-Gordon Co., "Worcester, News."

"He should concentrate on basic purchasing, using all of the techniques available such as negotiated purchasing, value analysis, standardization, greater cooperation with engineering and any and all other departments—with the one aim of increasing efficiency and reducing costs. The way to the management table is through more effective purchasing performance."

Foreign News in Brief

India Expands Program

Bombay—India has ordered more oil drilling rigs from the Soviet Union to speed up the government's oil exploration programs.

The drills, estimated to cost \$5-million, will be used in the Cambay region on the West Indian coast. The order is part of a program to make the country less dependent on oil imports, which now account for 25% of India's requirements.

Shell, Imperial Cut Tags

London—Shell Chemical Co., Ltd., and Imperial Chemical Industries, Ltd., have announced they will cut the price of standard grade propylene glycol by \$14/ton beginning Jan. 1.

The basic bulk price for alcohol family chemicals will be \$448/ton, pharmaceutical grade, \$476/ton.

The reduction followed earlier cuts affecting acetic acid, epoxy resins, ethylene and propylene oxide, polystyrene and polyethylene. Most of the reductions were the result of increased output although in some cases the mounting level of low cost imports played an important role, according to trade sources.

Steel Mill Expands

Beirut—The Egyptian Iron & Steel Co.'s integrated steel mill at Helwan, near Cairo, is going ahead with expansion plans to cut down the initial high cost of production.

The company started construction of

an \$8.5-million coke oven for the production of metallurgical coke. In addition the company has contracted with the Soviet Union to set up a plant for the solidification of soft ore at Aswan. The company reports it may add a third furnace at Helwan before 1964.

Canada Levies Tax

Ottawa—The Canadian government has killed all special tax concession for foreign investors in an effort to slow down the outflow of capital from the country.

The government decreed a 15% tax on all dividends paid to U. S. and foreign owners of stock in Canadian companies or government bonds. Also hit by the 15% tax: dividends paid to non-Canadian parent corporations by wholly owned Canadian subsidiaries.

U. S. investors will be hit hard by the new regulations. The U. S. Commerce Department last month estimated that Americans invest almost \$700-million annually in Canada.

British Launch Drive

Buenos Aires—Britain has announced an all-out effort to increase its exports to the Central, Latin, and South American trade areas.

The Dollar Exports Council in London, formed to push exports to dollar areas, has been renewed as the Western Hemisphere Export Council, in order to promote the effort. The council is composed of British trade organizations and unions which build up export opportunities for U. K. industry.

Rails Keep Merger Action Going at Full Steam

New York—New developments in the railroad merger picture occurred last week in three sectors:

• **The Chicago & Eastern Illinois Railroad** turned down the merger bid of the Missouri Pacific. MoPac President Russell L. Dearmont said negotiations broke down because the C&EI felt the price wasn't high enough.

• **The Chesapeake & Ohio Railroad** showed renewed interest in joining with the N. Y. Central.

• **The Pennsylvania Railroad** made a bid to acquire full control of the Lehigh Valley Railroad, in a move to compete more effectively with the Central and Erie Lackawanna in upstate New York.

C&EI President David O. Mathews said directors of the Chicago & Eastern Illinois did not like MoPac's terms but

wanted to keep the door open for talks with other carriers.

C&O President Walter J. Tuohy, commenting on his line's merger plans, said the C&O has "always felt there are obvious inherent advantages in a three-way tie-up of the C&O, B&O, and the Central."

Tuohy said, however, that he plans to concentrate on getting the B&O affiliation "out of the way first." He said he would "strongly recommend to our directors that we accept the B&O stock tenders." The tenders

representing over 53% of B&O stock were received last week under an exchange offer.

The Lehigh Valley's board disclosed the offer by the Pennsy in accepting a bid to exchange one share of Pennsy stock for 2 3/4 shares of Lehigh stock. The big carrier now owns 405,000 shares of the Lehigh Valley. The Wash, which the Pennsy controls, owns 265,469 shares. If accepted by Lehigh Valley holders and approved by the ICC, all 1,510,653 shares now outstanding would go to the Pennsy.

REA Sidetracks U.S. Freight's Hopes Of Piggybacking on Passenger Trains

New York—REA Express has derailed U. S. Freight Co.'s plan to use the Santa Fe Railroad's passenger trains to make possible coast-to-coast piggyback service in 56 hours.

REA vetoed the idea under terms of its standard contract with member rail lines. Santa Fe is a party to the pact which gives REA "exclusive right to move freight in passenger, mail or express trains except in emergencies."

U. S. Freight had set up the plan to achieve the 56-hour service by paying a bonus of \$976 above the present piggyback charge of \$924. The plan would have cut the Chicago-to-Los Angeles run to 37 hours, making connection with the 19-hour piggyback run of the New York Central from Chicago to New York (see PW, Oct. 17, p 7).

Major truck rate bureaus and some forwarders had protested the plan to the ICC.

Atlantic Express Plans New Service to Europe

Washington—A new ocean freight and passenger service has been proposed between Chesapeake Bay ports and Europe. Atlantic Express Lines of America, Inc., a Virginia corporation with offices in Washington, has asked the Federal Maritime Board for government construction and operating subsidies.

If the government approves, the company plans to build three combination passenger-cargo ships at an estimated cost of \$60-million. The proposed vessels would be 650-feet long, 24-knot ships with arrangements for roll-on, roll-off and lift-on, lift-off cargo. Passenger capacity would be 675-berths.

ICC Chooses Chairman

Washington—The Interstate Commerce Commission, the only federal regulatory agency that elects its own chairman, has just done so. The new chairman, who got the job automatically because he was the senior member of the commission who had not previously held the post, is Everett Hutchison, a Texas Democrat and a member of the commission since 1955.

Hutchison replaces John H. Winchell, a Republican whose term both as chairman and a member of the commission expires Dec. 31.

Two ICC vacancies will be open for President-elect Kennedy to fill after he moves into the White House—the one Winchell is leaving and that held by Anthony F. Arpaia until his resignation last March.

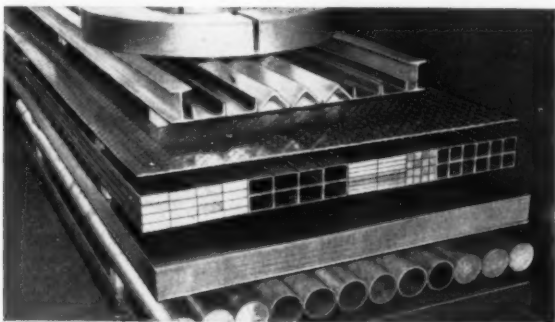
NYC To Close Shop

Buffalo—New York Central Railroad plans to shut down its diesel repair shop here, citing these reasons: a 52% reduction of passenger business, St. Lawrence Seaway competition, and a 36.7% decline of steel production in the Buffalo area.

The company indicated that business improvements could result in the reopening of the Buffalo shops. Until then, diesel maintenance for the road's Eastern operations will be done at the Syracuse terminal.

5 WAYS TO . . .

stretch aluminum-buying dollars



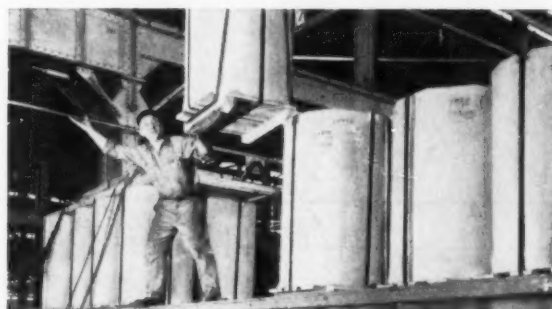
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Where Will Wages Go in 1961?

- Deferred pay increases, averaging about 8¢/hr., will accrue to nearly 3-million workers this year in railroads, trucking, shipbuilding, construction, aircraft, and various other manufacturing industries.

- Most significant 1961 negotiation deadlines will come after mid-year in the automobile industry with Walter Reuther's UAW. Other important bargaining is due in rubber, trucking, food and maritime.

THIS TIMETABLE SHOWS:

1. When current contracts end.
2. When previously contracted pay adjustments are due.
3. When wage reopeners occur in present agreements.

JANUARY

Industry	Company	Union & Employees Involved	Contract Status
Aircraft	United Aircraft (Pratt & Whitney Div.)	IAM 16,000	7c-12c Jan. '61 (Contract ends Nov. '61)
Food Products	Hawaiian Sugar Growers	ILWU 14,000	Expires Jan. '61
Retail	R. H. Macy	Retail & Wholesale 8,500	Expires Jan. '61
Telegraph	Western Union	Telegraphers 23,900	5c Jan. '61 (Contract ends May '62)
Trucking	Central States, Local and Over-the-Road	Teamsters 165,000	Expires Jan. '61
	Motor Transport Labor Relations, Inc.	Teamsters 25,000	5c 1/61 (Contract ends Dec. '62)
Wholesale	Food Employers Council, Los Angeles	Retail Clerks 13,000	7.5c Jan. '61 (Contract ends March '64)

FEBRUARY

Apparel	Popular Priced Dress Mfgs.	ILGWU 84,000	Expires Feb. '61
Glass	Pittsburgh Plate Glass	Glass 10,000	\$2.21/hr. minimum guaranteed Feb. '61 (Contract ends Feb. '62)
Instruments	Minneapolis-Honeywell	Teamsters 7,000	Expires Feb. '61
Telephone	N. Y. Telephone Co.	Ind. 16,000	Expires Feb. '61
Trucking	Automobile carrier companies	Teamsters 15,000	Expires Feb. '61

MARCH

Fabricated Metals	Calif. Metal Trades Assn.	IAM 6,000	Expires Mar. '61
Food	Calif. processors	Teamsters 60,000	9c increase Mar. '61 (Contract ends Feb. '62)
Glass	Glass Containers Mfg. Institute	Glass Bottle 8,000	3% increase Mar. '61 (Contract ends Feb. '62)
Petroleum	Atlantic Refining	Ind. 9,600	Expires Mar. '61
Utilities	Commonwealth Edison, Illinois	IBEW 10,200	Expires Mar. '61

APRIL

Food	Associated Milk Dealers	Teamsters 5,200	Expires April '61
Glass	Owens-Illinois	Glass Bottle 10,300	3% increase April '61 (Contract ends March '62)
Printing	Chicago lithographers	Lithographers 5,000	Expires April '61
Rubber	Firestone, Goodyear	URW 41,000	Expires April '61
Textiles	Berkshire Hathaway	UTW 5,300	Wage reopener April '61 (Contract ends April '62)
Trucking	New England carriers	Teamsters 13,000	Expires April '61

MAY

Aircraft	North American	UAW 24,900	C-o-L adjustment due quarterly; 7c increase May '61 (Contract ends June '62)
Apparel	Children's Coat Mfgs.	ILGWU 8,500	Expires May '61
Instruments	Sperry-Rand	IUE 9,500	Expires May '61; C-o-L due Feb. & May
Lumber	Lumbermen's Council Pacific Northwest lumber firms	Woodworkers, Carpenters 30,000	Expires May '61
Paper	International Paper	Papermakers, IBEW 13,000	Expires May '61
Printing	Metropolitan lithographers, N. Y.	Lithographers 7,500	\$5/wk. increase May '61 (Contract ends April '62)
Rubber	U.S. Rubber	URW 25,000	Expires May '61
Shipbuilding	Newport News	Peninsula shipbuilders 12,000	5c-10c increase May '61 (Contract ends 1963)
Telephone	N. J., Ohio Bell, and others	CWA 50,000	Wage reopener May '61 (Contract ends May '63)
Utilities	Niagara Mohawk	IBEW 7,500	Expires May '61
Wholesale-Retail	A & P in N. J. and N. Y.	Meatcutters 17,500	\$3-\$4/wk. increase May '61 (Contract ends June '62)

JUNE

Aircraft	Boeing	IAM, UAW 40,800	7c increase June '61 (Contract ends June '62)
Chemicals	American Viscose	TWUA 7,500	5c/hr. increase June '61 (Contract ends June '62)
Machinery	Sperry-Rand	IAM 5,600	Expires June '61
Maritime	Atlantic & Gulf Coast companies	Maritime 37,000	Expires June '61
Paper	Pacific Coast manufacturers	Papermakers 20,000	Expires June '61
Trucking	California Truckers	Teamsters 11,000	Expires June '61

JULY

Aircraft	Genl. Dynamics, Lockheed	IAM 33,000	3c increase July '61 plus quarterly C-o-L (Contract ends mid-'62)
Shipbuilding	Pacific Coast	Metal Trades 10,000	9c increase July '61 (Contract ends June '62)
Telephone	N. J. Bell, Southwestern Bell	IBEW, CWA 45,000	Wage reopener July '61 (Contract ends July '63)
Textiles	United Knitwear	ILGWU 7,000	Expires July '61
Trucking	Local cartage, N. Y.	Teamsters 15,000	Expires July '61
Utilities	Pacific Gas & Elec.	IBEW 13,600	Wage reopener July '61 (Contract ends June '62)

AUGUST

Aluminum	Alcoa, Kaiser	USW, AW 25,700	7c-13c increase Aug. '61, plus semi-annual C-o-L (Contracts end July '62)
Aircraft	Boeing	IAM 40,000	4.5c-8c increase Aug. '61 (Contract ends Sept. '62)
Automobile	Ford, GM Chrysler	UAW 576,000	Expires Aug. '61
Food	Armour, Swift, Wilson	Packinghouse 24,000	Expires Aug. '61 after semi-annual C-o-L increase
Machinery	General Motors	IUE 35,000	Expires Aug. '61
Shipbuilding	Bethlehem	Marine 14,000	11c increase Aug. '61 (Contract ends May '63)

SEPTEMBER

Automobile	American Motors	UAW 20,000	Expires Sept. '61
Machinery	Caterpillar Tractor, Deere, Intl. Harvester	UAW 69,000	Expires Sept. '61
Maritime	Pacific Coast Firms	Seafarers 18,000	Expires Sept. '61
Telephone	Southern Bell	CWA 50,000	Wage reopener Sept. '61 (Contract ends Aug. '63)

OCTOBER

Automobile	Budd	UAW 11,000	Expires Oct. '61
Glass	Libby-Owens-Ford	Glass 8,500	Expires Oct. '61
Metal Cans	American Can, Continental Can	USW 31,600	7c-10.8c Oct. '61 (Contracts end Oct. '62)
Printing	New York firms	Typographical 5,300	Expires Oct. '61
Steel	Most basic producers	USW 500,000	7c-10c Oct. '61 (Contract ends June '62)

NOVEMBER

Automobile	Studebaker	UAW 7,500	Expires Nov. '61
Machinery	Allis-Chalmers	UAW 9,000	Expires Nov. '61
Rails	Class I Roads	12 non-operating brotherhoods 557,000	Wage reopener Nov. '61 in open-end contract
	Class I Roads	Operating Brotherhoods 213,500	See above
Retail Trade	Chicago food retailers	Retail Clerks 12,000	Expires Nov. '61

DECEMBER

Tobacco	American Tobacco Co.	Tobacco Workers 5,800	Expires Dec. '61
Transportation (local transit)	New York City	TWU 29,000	Expires Dec. '61

NEW! NEW! NEW!

NEW! NEW! NEW! NEW! NEW! NEW! NEW!

**The blades
that outlast
all others!**

A RADICALLY NEW METALLURGICAL APPROACH builds unprecedented durability into Heller "Ultras". That's why they're certain to outlast all high speed steel band saws currently used in production cut-off work on ferrous metals. **IMPROVED IN EVERY WAY!** Special steel analysis . . . more advanced production methods . . . closer heat-treating control . . . stronger welds . . . more exacting 100% inspection! No wonder Heller "Ultras" deliver up to 300% more cuts per blade. Yet, the price is only 10% higher. This means as much as 75% savings in cutting costs.

TESTS CONFIRM THEIR SUPERIORITY! Matched against all comers, at heavy feeds and higher speeds, the harder teeth, tougher bodies and more uniform full-blade flexibility of Heller "Ultras" are sure bets to win the race against time and costs. Seeing's believing!

Heller

"ULTRA"
HIGH SPEED STEEL
metal cutting
BAND SAWS

**TAKE THE
GAMBLE
OUT OF
BUYING!**

An early order for welded-to-length, protectively packaged Heller Ultra High Speed Steel Band Saws from your nearby Heller Distributor is the wisest and safest bet you'll ever make. Prompt delivery is also guaranteed!



HELLER TOOL CO.



17.0.17

America's Oldest File Manufacturer
NEWCOMERTOWN, OHIO
Subsidiary of Simonds Saw and Steel Co.

Branch Offices and Warehouses: Union, N. J. • Detroit • Chicago • Shreveport • Los Angeles • San Francisco • Portland, Oregon

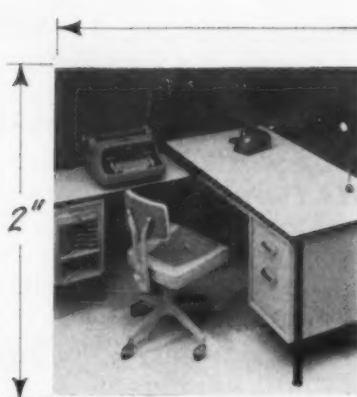
January 2, 1961

Purchasing Week

15

Here's your weekly guide to . . .

Picture aids product recognition



Furniture

Permits Custom Designs

Office furniture is designed on unit principle to permit custom assembly according to individual needs. Varied component parts may be grouped to form a desk, credenza, or L-unit. Varied lines include executive and clerical pieces.

Price: Approx. \$400 (L-unit), \$99 (chair).
Delivery: 30 to 40 days.

All-Steel Equipment Co., Aurora, Ill.
(PW, 1/2/61)

Size permits you to paste on 3"x5" card

Copy gives only pertinent details, cuts your reading

How much it costs and how soon you can get it

You'll know when item appeared

Space for your own notes



Greeting Cards

Fit Any Situation

Salesman's cards have 5 humorous messages including thanks to a new customer for an order, and telling a customer the salesman called when he was out. Cards are boxed in assortments, single designs, or ordered mixtures. Slot holds business card.

Price: Approx. \$5 (box of 50) **Delivery:** Approx. 4 wk.

Exclusive Creations, Ltd., P. O. Box 9366, Philadelphia 39, Pa. (PW, 1/2/61)

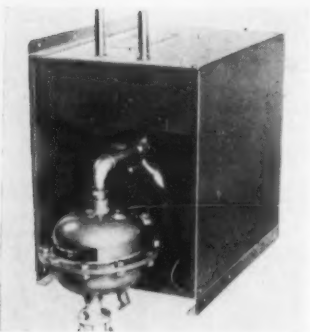


2-Way Radio

Mounts Under Dash

Medium-power 2-way radio operates in 144 mc to 174 mc band. 15-w. Unit for under-the-dash mounting is fully transistorized. Transmitter/receiver model is 4 1/4 in. x 8 3/8 in. x 12 in., and weighs 14 lb. The mobile equipment offers long life service.

Price: \$395. **Delivery:** Immediate.
Allen B. DuMont Laboratories, Clifton, N. J. (PW, 1/2/61)



Air Dryer

Protects Controls

Non-cycling air dryer is designed to protect Pneumatic controls. Basic unit, 20 1/8 in. x 14 in. x 12 in., weighs 60 lb. and is equipped for wall or floor mounting. It dries air and gases by mechanical refrigeration at a rated capacity of 10 cfm. at 100 psig.

Price: \$200. **Delivery:** 2 wk.
Hankison Corp., College & Pike, Canonsburg, Pa. (PW, 1/2/61)



Tool Stand

Has Reversible Top

Tool stand has heavy-duty work top which may be reversed to provide a tray surface with 1/2-in. flange on all sides. Drawers have sliding trays, recessed handles, and individual padlock attachments. They are 21 1/4 in. wide, 20 in. deep, and 6 3/4 in. high.

Price: \$71.45. **Delivery:** immediate.
Lyon Metal Products, Inc., 11 Plant Ave., Aurora, Ill. (PW, 1/2/61)

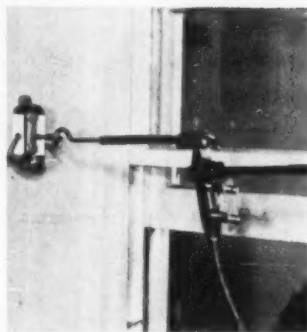


Word Counter

Works on Teletypewriter

Counter automatically measures message traffic on teletypewriter circuits. Built-in line relay permits direct connection into any printing telegraph circuit with no inductive effect and negligible signal distortion. Motor takes 105 v. to 125 v. 60 cps.

Price: \$79.50. **Delivery:** 30 days.
Western Apparatus Co., 5600 Jarvis Ave., Chicago 48, Ill. (PW, 1/2/61)



Test Equipment

Protects Windows Washers

Test instruments and accessories apply forces to window washer belts and window lugs to determine safety for use. Gear is fitted with breakable aluminum links.

Price: \$379.50 (lug test instrument with 3,000 break-links) and \$336.35 (belt tester with 2,000 break-links). **Delivery:** immediate to 2 wk.

Sparcraft, Inc., 3211 Kirby Rd., Jackson, Mich. (PW, 1/2/61)



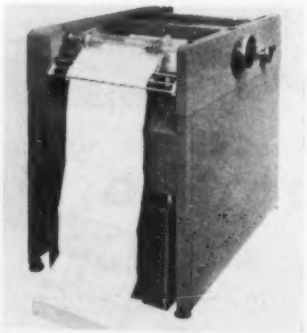
Cap

Shields Against Bumps

Lightweight cap is ideal protection in close quarters. Plastic shell is impact resistant. Top foam lining cushions blows while foam sweatband holds cap on the head and absorbs perspiration. Cap comes in sizes 6 1/2 through 7 1/8 in yellow and white.

Price: \$2.10 to \$2.25. **Delivery:** Immediate.

E. D Bullard Co, 2680 Bridgeway, Sausalito, Calif. (PW, 1/2/61)



Burster

Adds Safety Features

Burster stops automatically if plastic guard over trimming unit is raised. "On" button is recessed to protect against accidental starting, and "off" button is raised for easy access. Side panels extend to floor to reduce operational noise.

Price: \$1,275. **Delivery:** Approx. 2 wk.
Uarco, Inc., 300 W Congress Pkwy., Chicago 7, Ill. (PW, 1/2/61)

New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.



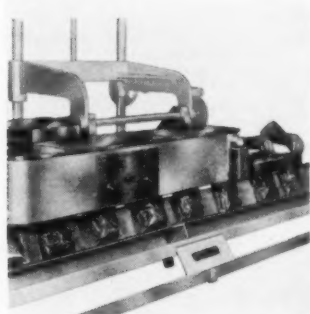
Rubber Stamp Press

Makes Own Stamps

Office personnel can operate press to make quality rubber stamps. Unit weighs 75 lb. and operates on 110 v. a.c. Built-in timer, heat indicator, and thermostatic control give simple 2-step operation. Supply kit has material for making 200 stamps.

Price: \$189.50 (press), \$35 (supply kit). **Delivery:** immediate.

King Machine & Mfg. Co., 1171 E. 32nd St., Los Angeles 11, Calif. (PW, 1/2/61)



Sealer

Finishes Poly Bags

Machine heat seals poly bags, trims off up to 4 3/4 in. of excess above seal, and ejects trimmed-off tops. Variable speed drive ranges from 315 in. to 995 in./min. Bags may be fed with tops up—or, with attachments, flat or at an angle.

Price: \$1,110 (basic machine). **Delivery:** approx. 2 wk.

Pack-Rite Machines, 407 E. Michigan St., Milwaukee 1, Wis. (PW, 1/2/61)



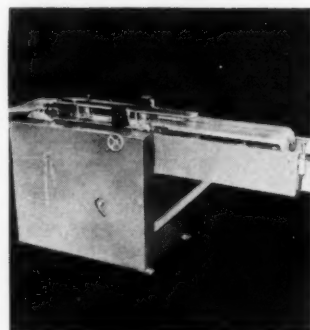
Scale

Reads Instantly

Industrial scale reads instantly with no oscillation of the indicating element. Projection type indication gives maximum reading range from a wide angle. Choice of avoirdupois or metric charts offers capacities up to 30 lb. and 15 kg., respectively. Single and double end shoe scoops are available.

Price: Approx. \$660. **Delivery:** immediate.

Toledo Scale, Toledo, Ohio (PW, 1/2/61)



Packing Machine

Folds Blisters

Double flange forming machine can fold up to 3,000 blisters per hour. It makes 90 deg. or 180 deg. flanges on any thermoplastic .005 thick and higher, and easily adjusts for variations in flange and fold-over requirements. It accommodates cards from 1 1/4 to 14 in. wide.

Price: \$3,260. **Delivery:** 3 to 4 wk.

Tronomatic Machine Mfg. Corp., 25 Bruckner Blvd., New York 54, N. Y. (PW, 1/2/61)



Spray

Relieves Burns

First-aid aerosol spray gives instant relief from burns. Protective and invisible film isolates burn and speeds healing and eliminates need for bandaging. Spray also reduces swelling and guards against secondary infection.

Price: \$2.50. **Delivery:** immediate.

General Scientific Equipment Co., P. O. Box 3038, Philadelphia 50, Pa. (PW, 1/2/61)

This Week's

Product Perspective

JANUARY 2-8

TWO PLASTICS—linear polyethylene and polypropylene—continued their hectic growth last year even though over-all industry consumption of plastics showed no increase over 1959. The 1960 total of 5.6-billion lb. (essentially unchanged over '59) marked the first time in years that plastics didn't register a substantial over-all increase.

• **Linear (high density) poly's** use for the past year is estimated at 180-million lb. by industry sources. This compares with sales of just under 100-million in '59. One producer, W. R. Grace, expects its linear PE sales to continue to increase by 60% annually for the next several years. The company is expanding its Baton Rouge capacity by 50% to handle the expected increase. Hercules Powder is also planning to double its linear poly capacity at Parlin, N. J., and Phillips is expanding to 100-million lb. at Houston, making it the largest single unit in the industry.

Biggest boost for linear poly has come in the packaging field—notably blow molded liquid detergent bottles. George Wash, head of plastics sales for Phillips Chemical Co., recently predicted that 220-million lb. of linear poly would be going into blow molding applications by '63. Next major packaging market is liquid bleach—one major manufacturer is already reported to have a plastic bottle in the works. Others are expected to follow quickly.

Other promising markets: wire and cable insulation, automotive, appliance, furniture, toys, dolls, housewares, clear and industrial film, pipe and conduit, and formed food containers.

• While sales and prospects for linear polyethylene appear especially bright, producers are cautiously eyeing the newcomer—polypropylene. While the 1960 market totaled only about 40-million lb., this was more than double '59 and forecasts for this year range up to a whopping 100-million lb.

• Since large mold investments are needed for both linear polyethylene and polypropylene—and the molds are not interchangeable—users will have to make a choice before they tool up for production. Among major markets the two plastics are expected to vie for: pipe, frozen food containers, housings, parts in appliances, autos, and office machinery.

• Expected 1961-62 polypropylene capacity is now estimated at 300-million to 400-million lb. Nine companies have already announced plans to build new plants or add to existing facilities and a dozen others are con-

How Polypropylene Capacity Is Growing
(Million Lb./Yr.)

	Dec. '58	Dec. '60	Dec. '62
Hercules Powder	20	30-50	130-150
Avisun	0	25	100-125
Dow Chemical	0	10	40
Humble Oil	0	40	100
Shell Chemical	0	0	80
Navamant	0	20	25
Texas Eastman	0	0	20
Firestone	0	0	5
Phillips Chemical	0	0	..
Totals	20	135	545

sidered good prospects. Although many producers have taken a cautious approach (eyeing the current over-capacity situation in low density polyethylene)—fear of being left out seems to be offsetting earlier reservations.

Estimates on where all the polypropylene will be going vary all over the place—but they average out something like this: Film and sheeting 40% to 50%, molding 25%, coatings 5%, wire and cable 2%, fiber 15% to 25%. Many insiders think that fibers could be the surprise market and eventually take half the output.

Meanwhile, reports of new markets for polypropylene are starting to filter in. Three bakeries in the East are using the plastic for bread wrappings (reportedly at a substantial cost saving), and other wrapping jobs range from paper plates to typewriter ribbon. Molding uses underway: radio cabinet, back for TV set, telephone handset, auto parts (1 1/2 lb./car).

Two Exhaust Control Devices for Autos Undergo Strenuous Tests in California

Los Angeles—Two manufacturers have submitted car exhaust control devices for testing by the State of California. If they win state approval, California drivers may shortly get their deadline for installing the fume-reducing devices on their cars.

California set the law last April requiring the use of exhaust purifiers but left the enforcement date open pending development of two or more satisfactory units.

A Year for Equipping

From the time that two or more manufacturers do meet state specifications, new cars and used cars transferred in ownership will have one year to be equipped with one of the devices. Used commercial vehicles will have two years; other used cars, three. Specifications set high percentage reductions for unburned hydrocarbon and carbon monoxide content in auto exhausts.

The two devices submitted for official approval by the California Motor Vehicle Pollution Control Board were manufactured by E. J. Houdry Co., Berwyn, Pa., and Chromalloy Corp., New York. The Houdry unit will be priced at \$65 for foreign and some compact models, and up to \$95 for larger cars. Chromalloy expects to market its "Smog Burner" device, which is still in the final phase of test data compilation, for about \$50.

Will Replace a Muffler

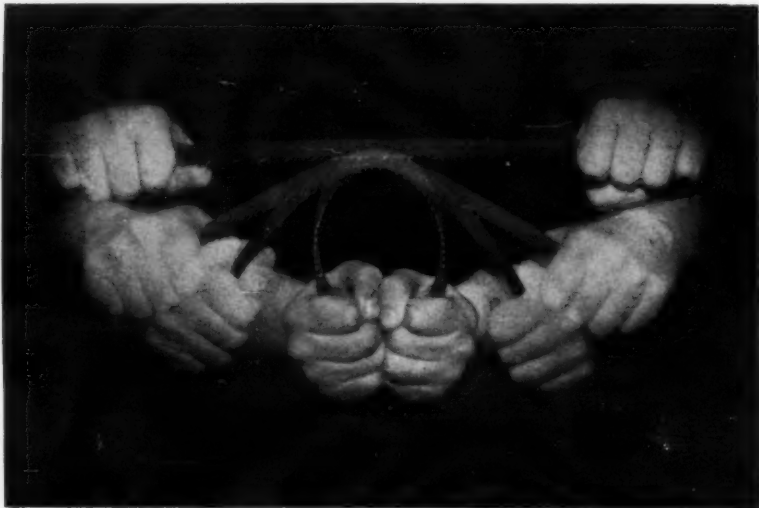
Houdry's contraption, which is of the catalyst type, will require servicing at from \$6 to \$12 a year, but will also perform all functions of the car muffler which it will replace. The manufacturer claims it will last the life of the car and will exceed the California standards.

This is the way it works: An air supply system mixes oxygen with unburned hydrocarbons in the exhaust stream the mix is distributed over a catalyst bed for instant oxidation. The tail pipe then carries off an exhaust of mainly carbon dioxide and water.

After-Burner System

Chromalloy's "Smog Burner" works on an after-burning principle which burns the exhaust at a high temperature within a cone-shaped chamber. A spark plug attached to the car's ignition system ignites the hydrocarbon gases within the chamber.

The company is completing testing of the unit in its "\$15,000 mobile laboratory," a used car bought off the lot for \$400 and rigged with the expensive testing equipment.



So it doesn't break---So what??

So we can bend a MARVEL High-Speed-Edge Hack Saw Blade double, and it won't break. Does this prove anything?

Let's see if it does. When you buy a box of hack saw blades, you expect each blade to have a reasonable cutting life. For example, take an ordinary blade that costs \$4.00, and you expect it to produce 2000 sq. inches of accurate cutting-off before it is discarded. Would you be willing to pay \$8.00 for that same blade? You will, if it breaks halfway through its expected life.

Bending a MARVEL High-Speed-Edge Hack Saw Blade to demonstrate that it is truly unbreakable proves the point that you get every

square inch of blade life you pay for when you buy MARVEL Blades.

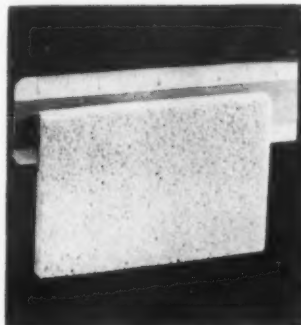
Safety to both operator and machine, plus maximum blade life, seem like value enough from this remarkable blade. However, these MARVEL Blades give you even more, for they will cut faster, with greater accuracy because they can be safely tensioned more taut in your machine than ordinary "breakable" blades and are therefore more rigid to resist deflection.

Cost? Unbreakable MARVEL High-Speed-Edge Hack Saw Blades are priced competitively. Use MARVEL Blades consistently with complete confidence because they have no equal for value. Leading Industrial Distributors stock and sell MARVEL. Ask yours today.

ARMSTRONG-BLUM MANUFACTURING CO.
5700 West Bloomingdale Avenue • Chicago 39, Illinois



Your Guide to New Products (Continued from page 17)

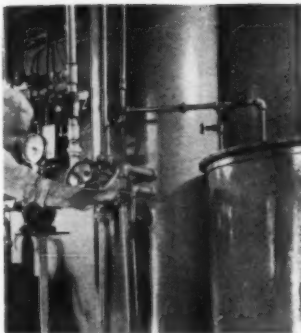


Brick

Has High Hot Face

Ceramic insulating brick withstands temperatures to 4,200 F. At 2,200 F its mean thermal conductivity is less than 1.0. It is standard brick size of 2½ in. x 4½ in. x 9 in. and weighs about 2 lb. Porosity is 89%. The brick is readily cut, sawed, or filed.

Price: \$40 each. **Delivery:** 30 to 40 days. **Ipsen Industries, Inc., P.O. Box 500, Rockford, Ill. (PW, 1/2/61)**



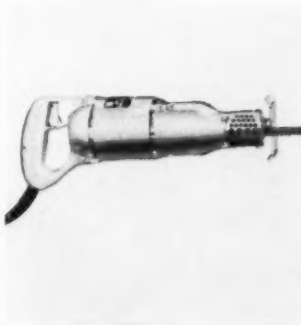
Water Softener

Offers Large Capacity

Heavy-duty water softener is produced in 4 basic sizes ranging from 300,000 to 1,380,000 grains capacity and from 40 gal. to 100 gal. per minute output. All models are easily installed from pre-packaged assemblies.

Price: \$1,000 to \$3,000 (single units) and \$1,700 to \$5,000 (double). **Delivery:** 2 wk.

Permutit Water Conditioning, Inc., 53 W. 43rd St., New York 36, N. Y. (PW, 1/2/61)

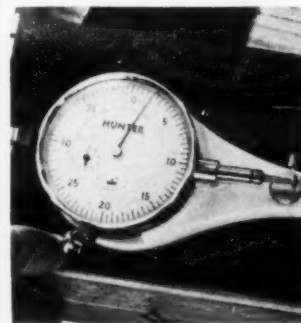


Saw

Cuts Many Materials

Sabre saw has device which keeps shoe flush with work, regardless of angle of cut, or locks the shoe as a firm base for support in scroll cutting. Blade mounts to cut up, down, or sideways. Saw makes fast cuts through wood, metal, plastics, composition materials, and pipe.

Price: \$99. **Delivery:** Immediate. **Black & Decker Mfg. Co., Towson 4, Md. (PW, 1/2/61)**

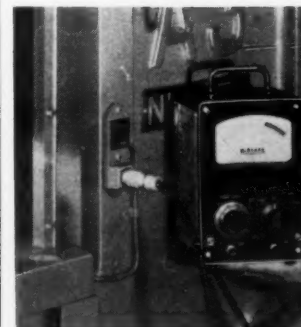


Micrometer

Speeds Parts Checking

Bench micrometer gives fast, accurate measurement of sub- and micro-miniature parts. Measurements can be read down to ½-thousandths of an in. and estimated down to ¼-thousandths of an in. Instrument can check from 10 to 20 micro parts per minute.

Price: \$49.95. **Delivery:** Immediate. **R. N. Hunter Sales Co., Inc., 9851 Alburdis Ave., Santa Fe Springs, Calif. (PW, 1/2/61)**



Load Meter

Measures Press Load

Portable instrument shows maximum load on a press during operating cycle as well as die setting. It plugs into pickups mounted on press frames. Setting the press factor dial of the battery-powered meter calibrates it for each press.

Price: \$950. **Delivery:** Immediate. **Niagara Machine & Tool Works, 683 Northland Ave., Buffalo 11, N. Y. (PW, 1/2/61)**



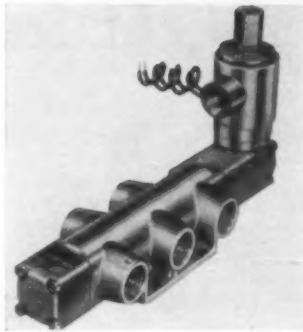
Rule

Reads Easily

Aluminum rule for heavy usage has "deep stamped" white markings on blue background. Calibrations are in 1/16 in. Rules are available with readings from right to left or left to right in 36-in., 48-in., 60-in., 72-in., or 96-in. lengths.

Price: \$4.50 to \$28.50. **Delivery:** immediate.

Fairgate Rule Co., Inc., Cold Spring, N. Y. (PW, 1/2/61)



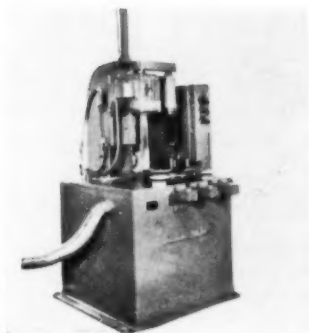
Solenoid Valve

Fully Protected

Valve, enclosed in a forged bronze body, is available in explosion-proof, dust-proof, water-proof, and fungus-proof constructions. Sizes are 1/4 in. npt. through 1/2 in. npt. in 2-, 3-, 4-, and 5-way types. They operate from partial vacuum through 500 psig.

Price: \$47 to \$100. **Delivery:** immediate.

Versa Products Co., Inc., 150 Coolidge Ave., Englewood, N. J. (PW, 1/2/61)



Polisher

Deburs Cylinders

Machine deburrs and polishes internal surfaces of cylindrical parts. An abrasive sleeve is mounted on an expandable rubber mandrel. A fixture for clamping the part is mounted on a turntable.

Price: \$7,000 to \$9,000. **Delivery:** 8 to 10 wk.

Grinding & Polishing Machinery Corp., 2530 Winthrop Ave., Indianapolis 5, Ind. (PW, 1/2/61)



Analyzer

Works On-Stream

Instrument provides continuous, on-stream analysis of water. Colorimetric instrument, which records findings, may be connected to an alarm system. Monitor may be set up to conduct single or multiple point analysis.

Price: \$8,500. **Delivery:** 30 days.

Hagan Chemicals & Controls, Inc., Hagan Center, Pittsburgh 30, Pa. (PW, 1/2/61)



Oven

Reaches 800 C

High vacuum bake oven operates continuously within the range of 0 C to 500 C or 0 C to 800 C. A suspended muffle is heated by radiant heaters and reflective shielding. Inside dimensions available are 8x8x14 in. and 14x14x16 in.

Price: From \$2,000. **Delivery:** immediate.

Tri Metal Works, Inc., 1600 Bannard St., Riverton, N. J. (PW, 1/2/61)



Dust Boot

Extends Valve Life

Synthetic rubber dust boot protects hand valve actuating mechanisms against dirt and moisture. Particularly suited for outdoor service, the wear-resistant cover extends valve life without hampering normal operation.

Price: \$1. **Delivery:** immediate.

Hannifin Co., 501 S. Wolf Rd., Des-Plaines, Ill. (PW, 1/2/61)



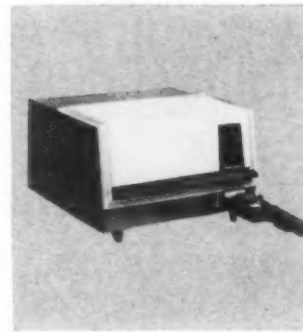
Gear Box

Permits Quick Change

Basic chassis easily incorporates into any mechanism custom quick gear ratio changes or gear train assembly. Choice of gears makes possible an infinite range of ratios with maximum simplicity. Over-all center-line distance available is 5-7/16 in.

Price: \$75. **Delivery:** immediate.

Foster & Allen, Inc., 28 Commerce St., P. O. Box 356, Chatham, N. J. (PW, 1/2/61)



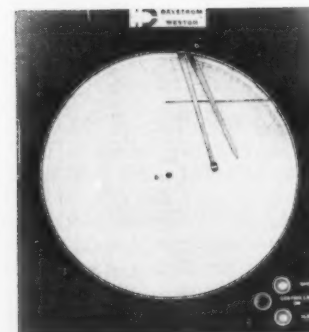
Oven

Heats to 500 F

Compact electrical oven does laboratory heating jobs to 500 F. Drying space is less than 1 cu. ft., making it ideal for small drying jobs. The portable unit heats to operating temperatures within minutes.

Price: \$47.50. **Delivery:** immediate.

Planchets, Chelsea, Mich. (PW, 1/2/61)



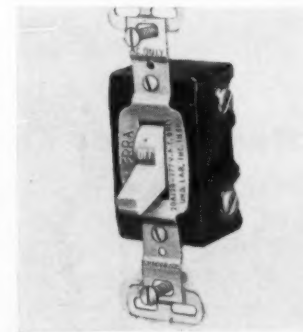
Recorder

Features 2 Controls

Recorder controls complete range of liquid and mercury filled thermal systems. Ranges from -100 F to 1,000 F are available. Instrument features proportional control with manual reset, plus 12-in recording chart.

Price: \$515. **Delivery:** Approx. 3 mo.

Daystrom, Inc., Weston Instruments Div., 614 Frelinghuysen Ave., Newark 12, N. J. (PW, 1/2/61)



Switch

Operates Quietly

15 amp. and 20 amp. toggle switches come in ivory, grey, beige, and brown to coordinate with room decor. Cam-actuated mechanism and neoprene pads give quiet action. Ratings are 120 v. to 277 v. a.c. Available in single pole, 2-, 3-, and 4-way.

Price: \$80 (15 amp, sp) to \$418 (20 amp, 4 way) per 100. **Delivery:** immediate.

Sierra Electric Corp., 15100 S. Figueroa St., Box 85, Gardena, Calif. (PW, 1/2/61)

Purchasing Week Definition

Roofing Materials

Asphalt—Usually obtained from petroleum residuals. A good asphalt is stable and has good weathering properties.

Coal Tar—This is more susceptible than asphalt to variations in temperature and usually is limited to flat decks.

Metallic Roofings—Metal tile and shingles are usually made of copper, copper-bearing galvanized steel, tinplate, zinc, or aluminum. These radiate solar heat giving lower

temperatures beneath the roof than most other types of uninsulated roofs.

Slate—Good slate is hard and tough with a well-defined but not too coarse vein. Color does not indicate quality. When struck it should give a clear metallic ring.

Tile—Unvitrified tiles with slip glaze are satisfactory in warm climates but only vitrified tiles should be used in the north. (PW, 1/2/61)

GE Scores Preliminary Success in EHV Project

Pittsfield, Mass. — General Electric's recent transmission of electricity at 720,000 volts set a new world record and gave promise of reducing distribution costs for American utilities. Voltages in use today range from 115,000 to 345,000.

Potential savings are expected because a 750,000 v. line will transmit 36 times as much power as a 115,000 v. setup. This means savings in construction, right-of-way purchases, towers, conductors, and supporting apparatus.

The experimental system carries 267 instruments for measuring electrical, mechanical, and radiological effects on the system. Checks will be made on the project's radio and television influence, and effects of temperatures, rain, wind, contaminating particles, and humidity. Corona losses, known to reduce system efficiency by 50%, will also be measured.

New techniques in use at "Project EHV" were predetermined by three years of analytical studies, computer and model

investigations, and laboratory work. If correction or refinement of these techniques is needed, it will be more economical on the experimental line than on a utility's operational system.

The record energization took place at the North Station of General Electric's 4.3-mile transmission system near here.

When completed next year, the line will extend over 18 towers of varying construction and materials to study the endurance characteristics of each.

According to Dr. Pier A. Abetti, Manager of Project EHV, "Higher voltage is a sensible, economical way to help supply America's demands for twice as much power within the next 10 years."

Product Briefs

Asbestos and silicone resin paper is suitable for operation at temperatures over 180 C. Temperature limitations are determined by resin. Asbestos itself is satisfactory at considerably higher temperatures. Paper is available in gages from .0025 in. to .0065 in. Heat resistance of 5.5 mil paper is 200 C continuous. *Asbestos Textile Div., Raybestos-Manhattan, Inc., Manheim, Pa.*

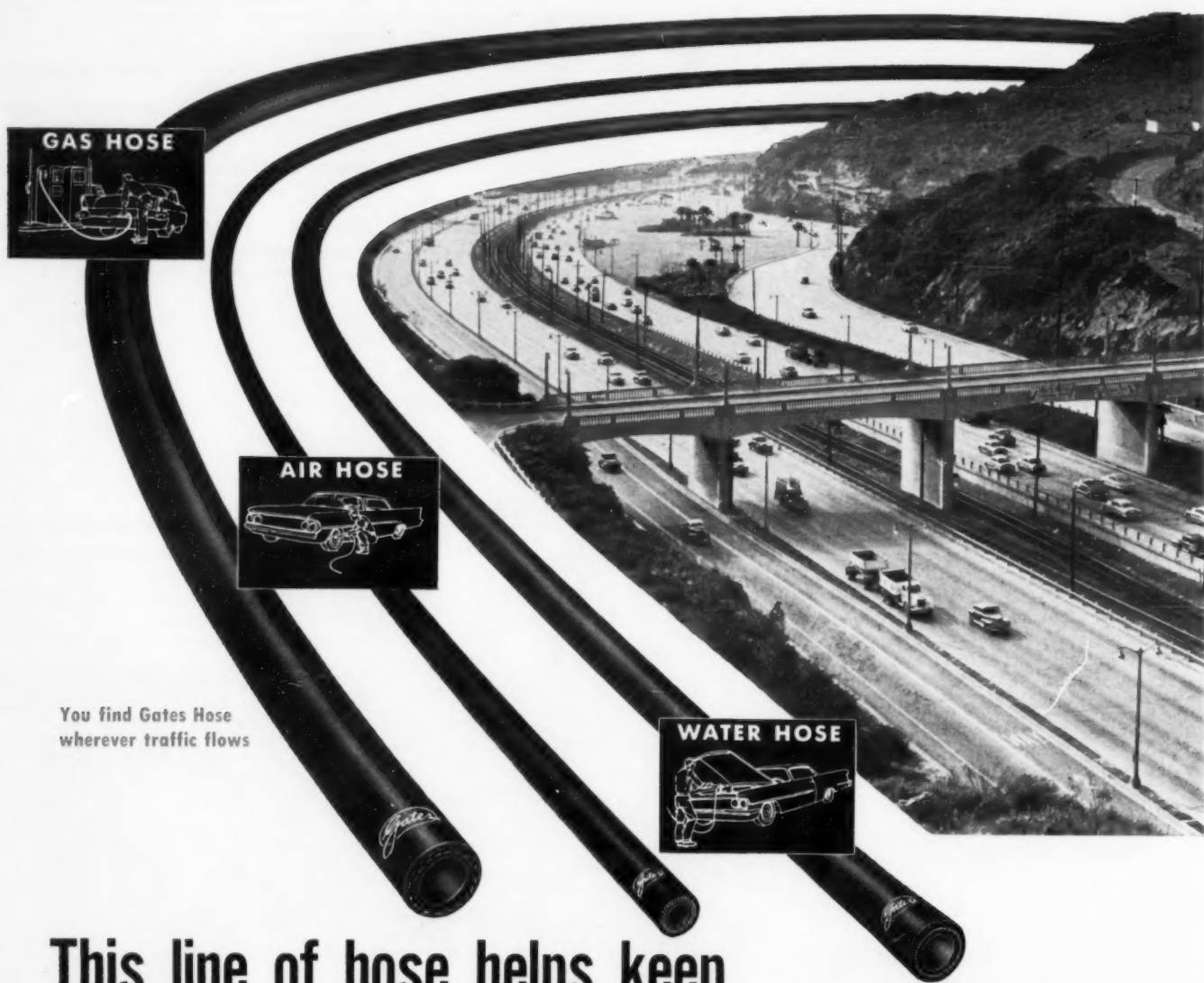
Potentiometer series is designed for limited space applications. Linear motion units (1/2-in. dia.) are characterized by low electrical noise and resistance to vibration and shock loading in excess of 100 g without malfunction. Each unit has electrical output accuracy of $\pm 0.5\%$. *Markite Corp., 155 Waverly Pl., New York 14, N. Y.*

Bonding film permits lamination of adhesive film to perforated metal or plastic radio control panels without blocking speaker grille. Perforation allows 40% passage of sound. The perforated film is laminated to master sheet before die-stamping the individual part. The combination is then die-stamped to the individual control panel. *Girder Process, Inc., 102 Hobart St., Hackensack, New Jersey.*

Rolling mill is designed for research laboratories, pilot plants, or light production. Rolling speed is variable from 100 fpm. to 1,200 fpm. Action on 4-high mill may be synchronized to keep rolls parallel or they may be set independently. *Steel Equipment Co., 20805 Aurora Rd., Cleveland 22, Ohio.*

Catalyst carrier has large pores to let gases or liquids enter and diffuse within the structure for maximum control of reaction. The "Macroport A" carriers are available as spheres, pellets, and granules of fused aluminum oxide. *Refractories Div., Norton Co., Worcester 6, Mass.*

Sealant with Thiokol base extends working life, adhesion, and ultra-violet resistance for all types of masonry work and general application in the building industry. It is pure-white and non-staining, and can be tinted to any shade of any color except red. *International Epoxy Corp., 501 33rd St., Fort Lauderdale, Fla.*



You find Gates Hose wherever traffic flows

This line of hose helps keep 70,000,000 vehicles on the move

To service some 70 million motor vehicles with gas, air, water and grease, this nation's 183,000 service stations use uncounted miles of hose. Because Gates is a major manufacturer of industrial hose, thousands and thousands of these stations rely upon Gates Curb Pump Hose, High Pressure Grease Hose, Air, Water and Low Pressure Steam Hose.

In back of this broad acceptance of Gates Hose is a continuing program of specialized hose re-

search at the multi-million dollar Gates Research Center. The aim of this specialized research is to increase hose utility, lengthen hose life and lower industry's annual hose costs.

Because Gates Hose is so widely preferred, it is quickly available from leading distributors in all industrial centers. These Gates Hose Distributors are listed in the phone book Yellow Pages.

TPAS02



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The Mark of Specialized Research

Gates Industrial Hose

Made in a Full Range
of Types and Sizes

Industry News in Brief

Ryerson Stocks Aluminum

Cincinnati—Joseph T. Ryerson & Sons, Inc., will stock Reynolds aluminum at its steel service center here. Aluminum stocks will consist of plate, sheet, rod, bar, structural, and pipe. The stocking function will be backed up with service assistance on aluminum building products.

Lear Forms New Unit

Santa Monica, Calif.—Lear, Inc., has established a new International Div. with headquarters here. The new division will be responsible for the sale of more than 900 Lear products to overseas customers—directly or through U.S.-based trading companies or prime contractors. It will also be responsible for licensing, sales, and manufacturing agreements with overseas firms, including sale of foreign products in the U.S.

Natco Buys Plant

Richmond, Ind.—National Automatic Tool Co., Inc., has purchased the Bucyrus-Erie Co. plant, which Bucyrus vacated last year when it transferred its well drilling equipment manufacturing operations to Evansville, Ind.

The plant will provide Natco with nearly 50% more manufacturing space. The machine tool firm will move its operations from its present location, six miles away, to the new plant. Natco expects its new acquisition to greatly facilitate production of its plastic injection molding machines.

GE Expands

Lynchburg, Va.—General Electric Co. will spend more than \$1-million enlarging its Communication Products Dept. headquarters here in 1961. Substantial increases in the sales of the company's two-way radio and fixed point microwave-multi-plex communications systems sparked the expansion.

Chevrolet to Build

San Francisco—Chevrolet Motor Div. of General Motors Corp. will build a new automobile and truck assembly plant on a 400-acre site in Fremont, Calif. Construction will start sometime in 1961 and is scheduled for completion in the fall of 1962. The Fisher Body Div. also will build a plant on the site to provide bodies for Chevrolet passenger cars.

Chevrolet now operates separate passenger car and truck plants in Oakland, Calif. Under present plans, Chevrolet will continue to build Corvairs in Oakland with the truck plant being converted into an expanded warehouse operation.

Heisler Completes Lab

Wilmington, Del.—Heisler Corp. is putting the finishing touches on a new laboratory that will undertake large-scale contract studies of new plastic

formulations. The new facility will seek to develop new compounds that can be produced in commercial quantities—among them, powdered thermoplastic resins for high and low density polyethylene, teflon and polypropylene powder, and powdered nylon.

Mosler Buys 2 Firms

San Francisco—Mosler Safe Co., New York, has acquired stock control of Harbor Metal

Products Corp. and Harbor Sales Corp., Belmont, Calif. The names of the two West Coast firms will be changed to Mosler-Harbor Metal Products and Mosler-Harbor Sales. Both companies manufacture and distribute a variety of steel office equipment, including specialized cabinets for the electronics industry.

Joint Firm Formed

New York—Houston Chemical Corp. and Great Lakes

Chemical Corp. have formed a joint company called Arkansas Chemicals, Inc. The new firm will manufacture bromine at a plant to be completed early next year near El Dorado, Ark. A large quantity of the bromine will be sold to Houston Chemical for conversion to gasoline additives. Great Lakes will buy the balance for resale as bromine and for use in the production of other brominated products.

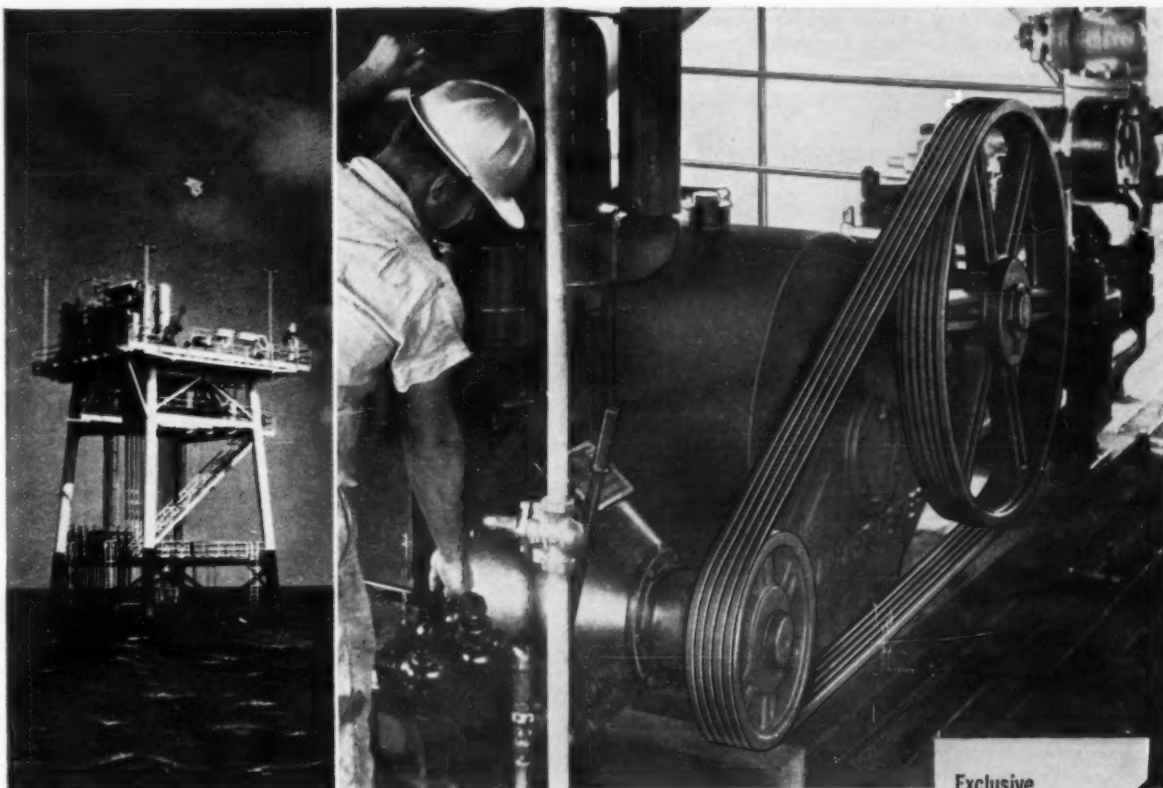
Fill-Rite Moves

Newark, N.J.—Fill-Rite Corp. has moved from New York to its own building here. Fill-Rite,

manufacturer of packaging machinery, has installed additional production equipment in the Newark plant to keep pace with the expanding sales of the company's machinery.

Conco Boosts Output

Houston, Tex.—Continental Oil Co. has completed a \$1-million petrochemical plant at Ponca City, Okla., with an annual capacity of more than 20,000,000 gal. of cyclohexane. Conoco's new plant is already producing cyclohexane for use in the manufacture of nylon and as a solvent and chemical intermediate.



Gates High Capacity V-Belt Drive handles greater power in less space!

Gates Super HC V-Belt Drives, in use all over the world on all types of machines, are meeting the industry-wide demand for a means of transmitting greater power in less space.

Because of exclusive design features, Gates Super HC High Capacity V-Belts handle up to 3 times more horsepower than conventional V-belts in the same space. Or the same power can be handled with fewer belts and smaller sheaves, saving up to 50% in drive space and cutting drive costs as much as 20%.

Further, with smaller, lighter sheaves, bearing loads are reduced. Guards, ma-

chine housing, countershafts, etc., can be smaller. Shipping weight is less.

The drive can operate at belt speeds up to 6,000 ft/min without dynamic balancing. This permits use of higher rpm motors—with savings in motor costs.

Gates Super HC Drive is the first and most advanced high capacity drive. It is your best assurance that your power transmission units will not soon become obsolete.

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Gates Super HC V-Belt Drives

Exclusive design features include:

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Gates Super HC Drive saves space, weight and money



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BP-14

P/W School for Strategists

Starting the new year off with a bang, PW's SCHOOL FOR STRATEGISTS presents a batch of Operations Research games which may help you solve some of the problems you face in your every-day business life.

Both games have to do with Economic Order Quantities—which was one of the first applications of Operations Research.

These games, prepared by Martin L. Leibowitz, can be solved by this simple step-by-step procedure, which you'll also find profitable for many of your day-to-day problems.

- (1) Decide what you are trying to do (elementary, but sometimes the goal gets lost in the maze of complicating factors).
- (2) Amass all the available data on the problem.
- (3) Arrange your data in an orderly fashion.
- (4) Determine how many variables in the situation work on each other.
- (5) List alternate courses of action.
- (6) Formulate a mathematical sequence of your problem (not so tough as it sounds).

Sample Problem

You're the Purchasing Agent for the Sputter Missile Co. You're seeking bids on a certain type of material, and you know that the more bids you receive, the

better price you'll get from vendors competing hotly for your order. But at the same time, it costs about \$200 to process each bid. Therefore, the more bids, the higher will be the processing cost.

So your problem is this: How many bids should you seek to effect your greatest saving?

Now here's how the step-by-step procedure would work in solving this problem:

(1) **What are you trying to do?** You're trying to decide how many bids you should ask for in order to effect the greatest possible saving.

(2) **What data do you have?** You know that it costs you \$200 to process each bid. You know, too, that if you invite only one bid, you'll be at the vendor's mercy—he'll set the price. But if competition rears its head, you'll get a better price. So by amassing all the price data you can get, you come up with these estimates of savings: \$500 if two vendors bid; \$850 if three bid; \$1,100 if four bid; \$1,200 if five bid, \$1,300 if six bid.

(3) **Arrange this data in an orderly fashion.**

Bids Solicited	Savings
1	0
2	\$500
3	\$850
4	\$1,100
5	\$1,200
6	\$1,300

(4) **Now what are the variables?** They are: the number of bids, the amount of the savings, and the cost of processing. How do they work on each other? As the number of bids increases, so does the amount of money saved—and so does the cost of processing the bids.

(5) **What are your alternate courses of action?** In this case, they are the number of bids you can ask.

(6) **Now, formulate your mathematical sequence.** You've already done part of this in Step 3; what you have to do now is add two more columns—one listing the cost per bid and the other giving the net savings, i.e., Column 3 subtracted from Column 2. Like this:

Number of bids Asked	Savings on Purchase Price	Cost of Processing	Net Saving to Firm
1	0	\$200	-\$200
2	\$500	\$400	\$100
3	\$850	\$600	\$250
4	\$1,100	\$800	\$300*
5	\$1,200	\$1,000	\$200
6	\$1,300	\$1,200	\$100

And there's your answer (starred). You should solicit four bids because that's your point of greatest net savings, \$300 (\$1,100 savings on material less than \$800 cost of processing). If you solicit fewer or more bids, the cost of processing them will eat up more of the material savings and give you a smaller net.

Now, try the two following problems on your own.

EOQ Problem

Frank Nostradamus, purchasing director at the Galileo Cyclotron Co. was in a tizzy. His computer had broken down just when he had to get out some important economic order quantity calculations.

Unable to wait until repairs were made, he had to begin figuring out by hand the EOQ for a purchase of No. 13 Auto-lubricating Garroters.

First, Frank collected the following information:

1. The average monthly demand for Garroters was 100 items.
2. The market price was steady at \$25 per item.
3. The cost of executing the order was \$200.
4. The estimated cost of storing the Garroters until needed was \$1 per item per month.
5. The Garroters had to be purchased in lots of 50.

Now, he applied the first step of Operations Research—deciding what he was trying to do. The answer was that he was trying to find the order quantity at which the average monthly costs of ordering and storing were least. This would be the EOQ.

Mathematically, Frank found, EOQ could be expressed this way:

$$\frac{(\text{Ordering cost}) + (\text{Storing cost})}{\text{No. of months the order lasts}} = \text{EOQ.}$$

Frank already knew the ordering cost (\$200, regardless of the size of the order). He also knew the storing cost (\$1 per item), but the total varied with the number of items in inventory. The number of months the order would last, or the re-order cycle, was:

$$\frac{\text{Quantity ordered}}{\text{Monthly demand}}$$

So Frank laid out this table to keep his figures straight:

Quantity Ordered	Reorder Cycle	Ordering Cost	Storing Cost	Total Ordering and Storing Costs	Average Cost Per Month
100	1	\$200			
150	1½	200			
200	2	200			
250	2½	200			
300	3	200	\$450	\$650	\$216.67
350	3½	200			
400	4	200			
450	4½	200			

He used the information he already had on hand to fill the first three columns. But he found more mathematics was necessary to determine the storing cost. This is the formula he used:

$$(\text{Storing cost per item per month } (\$1)) \times (\text{Average number of items in inventory}) \times (\text{Reorder cycle})$$

Now, asked Frank, what is the average number of items in inventory? At the beginning of an order cycle, there's the full quantity order; at the end of the cycle, there are none. Thus, since demand is constant, the average number of items in inventory would be exactly half the quantity ordered.

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Equipto

746 Prairie Avenue
Aurora, Illinois

Strategy

(Continued from page 22)

For an order of 300 items, then, the average number in inventory would be 150. And the storing cost (Column 4 in his table) would work out to be:

$$\$1 \times 150 \times 3 = \$450$$

The total order and storing cost (Column 5) on an order of 300 therefore would be \$200 plus \$450 (Column 3 plus Column 4), or \$650.

That left only Column 6. This he could figure out by dividing Column 5 by Column 2. So, again for an order of 300, this would be:

$$\$650 \div 3 = \$216.67$$

Frank went ahead and filled out his table using this method for the other quantities. Now, what did his final table look like, and what was his EOQ?

(Answer on page 24)

Discount Problem

When the time came for Frank to reorder the No. 13 Auto-lubricating Garroters, the market had changed considerably from the situation outlined in Problem I.

The Garroter industry was badly overstocked, and Frank found that he could obtain the following discounts:

Quantity	Discounts
Less than 250 Items	None
250	2%
300	4%
350	4%
400	5%
More than 400	5%

Frank now had to decide how large a quantity to order to take maximum advantage of the discount situation. The more that he ordered, the greater the price saving. Unfortunately, if he ordered too much, the storing costs would become excessive. So his problem was: Where was the balance point?

Frank looked at the table he had worked out when his computer was on the blink. Could this help him? No, because the costs of storing would be different due to the new prices.

But fortunately Frank's computer was working again, so he was able to get a new order and storing cost table in a few minutes. This is what it was:

Quantity Ordered	Discount	Price Savings Per Order	Reorder Cycle	Average Monthly Order and Holding Cost
100	0%	\$0	1 month	\$250
150	0	0	1 1/2	208
200	0	0	2	200
250	2	115	2 1/2	203
300	4	300	3	211
350	4	350	3 1/2	225
400	5	500	4	240
450	5	562	4 1/2	258

Frank noted that he would have to find some way of comparing the price saving per order and the average monthly order and holding costs. He soon saw how to accomplish this, and after a few moments of additional calculation, he found the best order quantity under the new market conditions. How did he do it?

(Answer on page 24)

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Meetings You May Want to Attend . . .

First Listing

Cincinnati Office and Business Equipment Show—Hotel Sheraton-Gibson Roof Garden—Queen City, Feb. 21-23.

Annual Pacific North West Purchasing Conference—Far West Purchasing Agents Association—Victoria, B. C.—April 6, 7, 8.

American Management Association's 30th National Packaging Exposition—Lakefront Exposition Hall—Chicago—April 10-13.

Previously Listed 1961

JANUARY

Northwest Petroleum Association—Annual Convention & Trade Show, Nicollet Hotel, Minneapolis, Jan. 18-19, 1961.

Plant Maintenance & Engineering Show—International Amphitheatre, Chicago, Jan. 23-26, 1961.

44th Annual Conference of California State, County, and Municipal Purchasing Agents Association—Villa Hotel, San Mateo, Calif., Jan. 25-27.

In the World Of Sales

Lawrence Noelk has been appointed assistant sales manager, **Abbott Screw & Mfg. Co., Chicago**. He was with Connor Electric Co.

Harold White has been given the newly created post of Michigan-Indiana district sales manager, **Fasson Products, Painesville, Ohio**.

Edward C. Manix has been promoted to vice president and general manager of sales, **Quaker State Metals Co., a division of Howe Sound Co., Lancaster, Pa.**

I. E. Killian has been assigned the post of sales manager, New York headquarters, **Esso Standard, Eastern Region of Humble Oil & Refining Co.**

Jack R. Snyder has been elevated to sales manager, **Seezak Div., Rimak Electronics, Inc., North Hollywood, Calif.**

Thomas M. McLaughlin has moved up to district sales manager, **Pittsburgh Plate Glass Co.'s Fiber Glass Div., in the newly created Boston district sales office.**

John F. Boomer has been named manager, St. Louis sales office, **McGraw Hill Publishing Co.**

R. S. Wilson was advanced to regional sales manager, **Holley Carburetor Co., Van Dyke, Mich.**

J. H. Berryman was made manager, **Air Reduction Sales Co.'s Special Products Dept., Union, N. J.**

Jack Ogg has been promoted to western regional sales manager, **Data Equipment Div., Telemeter Magnetics, Inc., Culver City, Calif.**

Edward H. Lund has joined **General Controls Co., Glendale, Calif., as industrial sales specialist. He was with Hills McCanna Co.**

National Association of Newspaper Purchasing Executives—Robert E. Lee Hotel, Winston-Salem, N. C., Jan. 26-28, 1961.

FEBRUARY

Chemical Buyers Group of NAPA—Mid-Winter Conference, Hotel Commodore, New York, Feb. 1-2.

15th International Heating & Air-Conditioning Exposition—International Amphitheatre, Chicago, Feb. 13-16.

Purchasing Techniques Workshop—Wisconsin Center Building, Madison, Wis., Feb. 21-23.

MARCH

National Railway Appliance Association—McCormick Place Convention Hall, Chicago, March 6-9.

Office Buyers Group, NAPA, Drake University, Des Moines, Iowa, March 8 and 9.

Institute of Radio Engineers—International Convention and Show—Waldorf-Astoria Hotel and New York Coliseum, New York City, March 20-23.

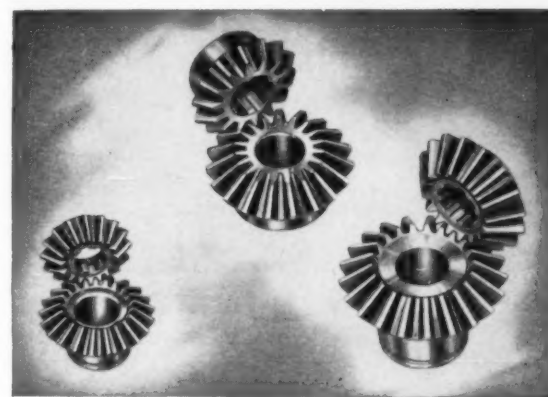
APRIL

American Society of Lubrication Engineers—Annual Meeting and Exhibit—Bellevue-Stratford Hotel, Philadelphia, April 11-13, 1961.

Business Equipment Exposition—Office Equipment Manufacturers Institute—New York Coliseum, New York City, April 17-21, 1961.

National Tank Truck Carriers—Annual Meeting and Trade Show—Netherland-Hilton Hotel, Cincinnati, April 30-May 2.

Liquefied Petroleum Gas Association—Annual Meeting and Trade Show—Conrad Hilton Hotel, Chicago, April 30-May 3, 1961.



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Perhaps you use full-generated and hardened Straight Tooth Bevel Gears cut from alloy steels, like those illustrated (they're used in outboard motors). Perhaps you need Spiral Bevels or Zerols. Whatever your requirements for Bevel Gearing, including Helicals, Internals or other types, G.S. engineering and G.S. quality belong on your production team!



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L.A. Association Plans Development Program

Los Angeles—The Los Angeles Purchasing Agents Assn. has come up with a professional development program that has many of the features included in the long-range national program now before the NAPA membership.

Arthur G. Pearson, procurement specialist for Lockheed Missile & Space Div. and the Los Angeles Association's professional development chairman, said the committee has 16 major projects on the griddle for this year—among them a number of new efforts such as a monthly business survey.

"Professional development," Pearson says, "always has been and always will be the chief concern of a purchasing agent association. At the local level the professional committee has the responsibility of offering something

for everyone in the association as well as the business community. The breadth of the responsibility includes high school students—i.e. future business executives—and acquainting them with professional management activity."

The committee's activities range from contact with high schools to arranging college courses; from literature displays at association meetings to professional clinics; from a membership contact group to a group concerned with consolidating knowledge of successful purchasing practices.

The committee plans include sponsoring classes and courses leading to a B.S. in purchasing management or a certificate in purchasing management. A coordinating group from the committee works with school administrative people with the purpose

of establishing accredited purchasing courses. A second group obtains complete listings of courses and publicizes them. Courses are at both extension and full-time level. The committee aids in finding instructors upon request. Seven committee members teach classes, and two fill in part time.

Another pet project is the professional development clinic, aimed at providing a short adult education meeting for those not interested in attending a full semester of college academic work. The program also has the purpose of attracting members of related professional groups such as quality assurance, engineering, office managers, and credit managers.

This year's clinic will be held Feb. 23 to March 13. It is the third in a series that began with basic purchasing, advanced to managerial purchasing last year, and this year will be devoted to the managerial development of the individual. It will include classes on creative thinking, time management, communications, decision making, etc.

As a secondary purpose, the committee hopes to publish and sell a book composed of the talks given at the clinic.

Answers to Strategy Problems On Pages 22 and 23

Answer to EOQ Game

Here's what Frank's table looked like:

Quantity Ordered	Reorder Cycle	Ordering Cost	Storing Cost	Total Ordering Storing and Cost	Average Cost Per Month
100	1	\$200	\$50.00	\$250.00	\$250.00
150	1½	200	112.50	312.50	208.00
200	2	200	200.00	400.00	200.00*
250	2½	200	312.50	512.50	205.00
300	3	200	450.00	650.00	216.67
350	3½	200	612.50	812.50	232.00
400	4	200	800.00	1000.00	250.00
450	4½	200	1012.50	1212.50	270.00

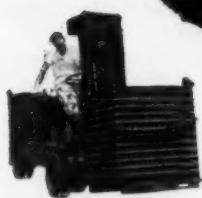
Since Frank wanted to minimize average monthly costs, he took the quantity that would give the lowest average monthly cost—\$200 (starred). This quantity was 200 units (Column 1).

Answer to Discount Problem

Frank divided the price savings per order by the recorder cycle. This gave him the average price savings per month. Then he subtracted this figure from the average monthly order and holding costs. The net result was the over-all average monthly costs. Performing these calculations for each order quantity, he developed the following table:

Quantity Ordered	Reorder Cycle	Price Savings Per Order	Price Savings Per Month	Average Monthly Order & Storing Cost	Overall Monthly Cost
100	1 month	\$ 0	\$ 0	\$250	\$250
150	1½	0	0	208	208
200	2	0	0	200	200
250	2½	115	46	203	157
300	3	300	100	211	111*
350	3½	350	100	225	125
400	4	500	125	240	115
450	4½	562	125	258	133

Frank wanted to reduce the overall monthly cost to a minimum, and the minimum was \$111 (starred). So he decided to order in lots of 300 Garroters.



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This Changing Purchasing Profession . . .

John B. Nimons has been advanced from assistant purchasing manager to general purchasing manager, Borden Co., New York. He succeeds Wayland P. Morse who retired after 50 years' service with the firm.

Leo E. Coult joined the Electronics Div., West Coast Laboratories, P. R. Mallory & Co., Inc., Lynwood, Calif., as manager of administrative services. Formerly with Ramo-Wooldridge Corp. and other electronics and aircraft firms in the Los Angeles area, he will be responsible for purchasing, industrial relations, security and communications.

Frank X. Traversi has been made manager of material, Convair-Astronautics Div., General Dynamics Corp., San Diego. He replaces Stanley E. G. Hillman, who returned to Convair's general offices as corporate director of procurement and material. Hillman had temporarily served as acting manager of material. Traversi was formerly with Gillette Safety Razor Co., Boston.

Vincent H. Gauchel has taken over the purchasing duties of Paul A. Karll, vice president in charge of purchasing, Webster Electric Co., Racine, Wis. Karll

retired Jan. 1 after 40 years with the firm.

Douglas L. Heisler was appointed director of purchasing, Vickers Inc., division of Sperry Rand Corp., Detroit.

Ernest L. Anderson, Jr., has taken the post of director of purchasing, Carborundum Co., Niagara Falls, N. Y. He had been director of purchases at Brown & Sharpe Mfg. Co., Providence, R.I. William F. Burk, Jr., manager of Carborundum's purchasing branch, will continue in that capacity working with Anderson.

Gerald W. Olmsted joined Sierra Electronic Div., Philco Corp., Menlo Park, Calif., as purchasing agent. He was formerly with Ampex Corp., Redwood City, Calif.

James D. Bohnsack, former Tulsa Tribune copy editor, was named purchasing agent for the City of Tulsa.

John W. Thorn, manager of purchases for Gulf Supply Co., Inc., Beaumont, Tex., has been named to the company's board of directors.

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1961 Labor Picture Appears Orderly; UAW Contract Among Most Important

(Continued from page 1)

tant bargaining, Walter Reuther's United Auto Workers will aim to match, at least, the 8¢ to 9¢ pay increase that will accrue automatically to David J. McDonald's million-member United Steelworkers.

In the Midwest trucking negotiations underway in Chicago, Teamster Chief James R. Hoffa has a 7.1¢ deferred pay hike to shoot at, average boost to be paid under previously negotiated long-term contracts in the trucking industry.

Union leaders may aim much higher than the range of deferred increases falling due this year atop the median boost of more than 9¢ an hour won by unions in 1960. Even as 1960 ran out, the Oil, Chemical, and Atomic Workers scored with a 5% or 14¢/hr. raise in the petroleum industry that had the companies involved eyeing possible off-setting price increases.

But union negotiators won't necessarily have an easy time despite the boost provided by long-run contracts. Hovering over the whole area of collective bargaining as 1960 ended was general business uncertainty and rising unemployment figures that were expected to climb over the 5-million mark early in 1961.

Side-by-side with unemployment is automation, the electronic advance that has been cutting deeply into manufacturing jobs. The steel industry, for instance, cut out an estimated 160,000 jobs in 1960 by automating production processes.

Another mitigating factor may be the fact that management, buoyed by spine-stiffening firmness that climaxed in the electrical equipment industry negotiations last fall, will be out to press its psychological advantage. So with unions determined to recoup wherever possible, some hard-nose bargaining by both sides can be expected.

These are the industries to watch: the Midwest trucking negotiations already in progress and facing a Jan. 31 deadline; rubber in April; meatpacking in August; autos and machinery in August and September. The Bureau of Labor Statistics lists 343 collective bargaining contracts covering 5,000 or more workers falling due this year.

In addition to the wage issue, here are some other crucial areas to watch in the key bargaining:

- **Nationwide contracts**—Hoffa, who is leading the negotiations for 165,000 central states teamsters, this year may achieve his long-time goal of tying-in truck contracts from coast to coast.

- **Premium pay**—This is another demand pressed by the Midwest Teamsters, who see the growth of truck-rail piggy-backing as a threat to their union and seek 1¢/mile for each truck trailer piggy-backed by railroads—with a \$5 minimum charge per trip.

- **Shorter workweek**—Labor's goal of the future will get a hard test in the April rubber industry negotiations. The United Rubber Workers are one of the few unions to make a dent in this direction and will attempt to extend their gains.

- **Automation**—The issue is starting to show up in contract clauses. Dockworkers already have agreements with employers aimed at softening its effects. Two meatpacking industry unions also scored in 1960, and the negotiations this summer will be directed at funneling employer automation payments into projects benefiting union members.

- **Escalator clauses**—Steel and railroads succeeded in eliminating cost-of-living clauses from 1960 agreements. Major auto producers indicate they'll attempt to do the same, but UAW's Reuther already has warned he'll fight this all the way.

Compared with the 1960, the wage levels are starting out a bit higher for the year ahead. The deferred pay hike

for the past 12 months averaged out at 6¢ to 7¢; for 1961, the comparative figure is 8¢ to 9¢. With the influence these automatic pay hikes have on negotiations, it's probable that the settlement average for 1961 will come out several cents higher.

Important to all negotiations is the timing of the deferred pay hikes. For the first half of 1961, some 1-million employees—mostly in local transit, trucking, trade, railroads, aircraft and shipbuilding—collect their automatic raises. The second half, however, is more critical to manufacturing. The Steelworkers will be paid the 8¢ to 9¢ rates in October, following the expiration of major auto contracts. Some aircraft and other manufacturing industries also have scheduled pay raises after mid-1961.

Commerce Department Asks U.S. Firms to Increase Use Of American Ships, Planes

Washington—Commerce Secy. Fredrick H. Mueller has asked U. S. exporters and importers to see if they can't make more use of American-flag carriers, both ships and planes, as a means of improving this country's balance-of-payments position. When U. S. carriers are used, the dollars spent on transportation stay in this country.

In a letter to 1,000 traders, Mueller noted that the U. S. merchant marine is at present carrying only about 10% of American shipments. He said foreign businessmen are much more aware of the importance of transportation costs to their balance-of-payments position and insist that greater percentages be shipped in domestic-flag vessels.

The gold drain has led to other similar pleas by the Eisenhower Administration. Mueller said "a determined effort on behalf of all our exporters, importers and travellers (to use American-flag ships and planes) will be of great value in creating a more favorable balance of payments."

Former Purchasing Executive Named President of Studebaker

(Continued from page 1)

outboard motors, and power tools in 1946 and moved up through the ranks through the purchasing department.

In addition to selecting Egbert as chief officer, the Studebaker Board of Directors also decided to go ahead with tooling plans for an extensively restyled Lark. But a smaller car that was planned for late 1961 has been temporarily postponed.

The company's acquisition program probably will be one of the first orders of business for the new president. In fact, Egbert has pledged himself to the "acquisition of sound, profitable enterprises" as a feature of the company's growth.

Egbert's selection to succeed Harold E. Churchill as president and Clarence Francis as chief executive came as a complete surprise to the industry.

Described as a "complete and total outsider" to the company Egbert joined McCulloch's purchasing department in 1946 following wartime service with the Marine ARI Transport Command. He soon became director of purchasing, then production manager, then vice president in charge of manufacturing.

Egbert has a big job ahead of him. Introduction of the new compacts this year cut into the earlier success of the Lark. The company's net income in 1959 was \$28,500,000. That was the first year it showed a profit since the Studebaker and Packard merged in 1954. The company is expected to show little or no profit in 1960.

Late News in Brief

NASMI Protests Quotas

New York—The idea that quotas be set for scrap aluminum exports has drawn the fire of the National Assn. of Secondary Materials Industries, Inc., which contends that there is no shortage of aluminum. The recommendation was made in a report by a subcommittee of the House Small Business Committee.

Continental Posts New Rates

Denver—Continental Airlines, Inc. plans to cut air freight rates between Los Angeles and Chicago by as much as 37% for cargoes moving during daylight hours.

New Coach freight tariffs would be \$12.95/100 lb. compared to present \$19.20. Rates on 10,000-lb. shipments would be cut to \$9.97/100 lb. from present \$16.05. If CAB approves, rates would become effective Jan. 27 on almost all commodities.

Union Threatens Boycott

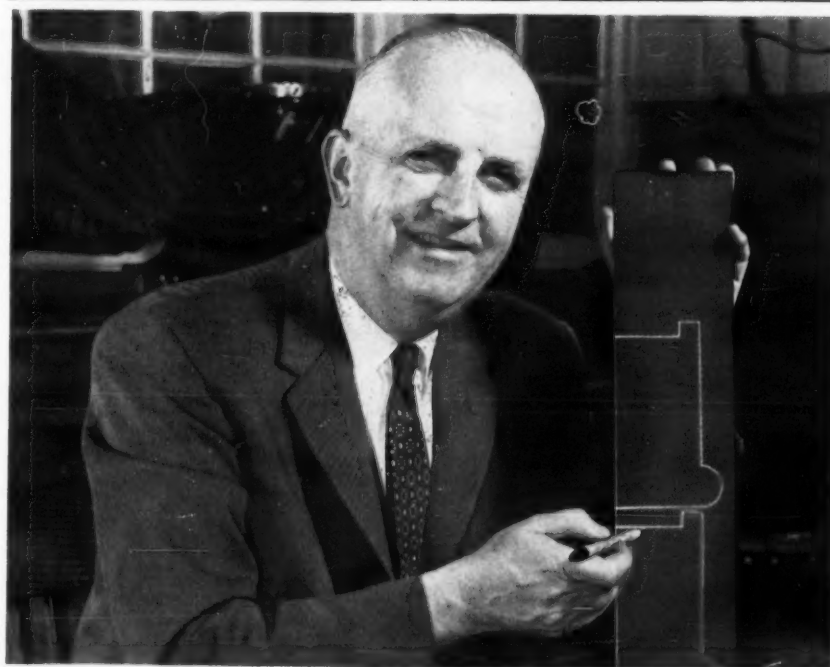
New York—The Amalgamated Clothing Workers of America has renewed its threat of a boycott of manufacturers and retailers of imported Japanese fabrics and clothing. The union said its officers will meet next month to plan its anti-import program, which may include boycotts, work stoppages, and consumer education.

Truckers Offer Wage Hike

Chicago—Short-haul trucking companies offered 30,000 Teamster Union members a 19¢/hr. wage increase spread over three years in contract talks here last week. Company negotiators rejected union demands for a 42¢/hr. package that included 28¢ in direct pay increases plus 14¢ in fringe benefits in a three-year package.

Tariff Rates on Woolens Boosted

Washington—Tariff rates for imports of woolen and worsted fabrics received their expected tariff boost, effective Jan. 1. New rates raise the average duty from 1959's 45% to 48% of value on cloth valued over \$2/lb. and upwards of 57% on cheaper material. Actual ad valorem rates: 38% of value for most fabrics valued over \$2/lb. and 76¢/lb. for cheaper fabrics, with a maximum ad valorem duty of 60%.



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P.A.'s See Inventories Hitting Bottom by Spring

(Continued from page 1)
months as we did in the fourth quarter."

• **Inventory transition** — It's important to remember that the bottoming out of the inventory cycle is a gradual affair—not something that occurs overnight. For example, there is still a sizable number of outfits that will still need an additional two to three months before they complete their stock piling. Thus some 37% of firms queried say inventory reduction will not be completed until sometime in the quarter just beginning.

• **Management pressure**—Still another factor behind the current unimpressive buying outlook is the general need to cut operating costs. Dwindling profit margins, in particular, have increased top-side pressure to cut inventory carrying charges.

The conclusion that the next few months are not going to be anything spectacular is held also by key suppliers in many industries.

In steel, for example, gone are the rosy predictions of last summer and early fall. In their place are far more sober forecasts by top producers who forecast 1961 production will equal—or even go 5-million tons below—1960's estimated 100-million-ton steel output.

A spokesman for one big Chicago warehouse complains, "It seems like most of our customers' business has been so poor that they aren't enthusiastic about the present or the immediate future. I don't look for a good upturn until after April or May 1961."

Caution in Aluminum

Aluminum producers are also expressing caution, although Richard S. Reynolds Sr., president of Reynolds Metals Co., said last week that he feels "customer inventory levels are nearing bottom, and during 1961 domestic shipments should increase."

Reynolds figures that inventory retrenchment last year cost the industry some 225,000 tons in aluminum shipments. This year he sees inventories as more of a neutral factor.

His evaluation of the 1960 inventory effect can be applied to a lot of other industries, too. A look at current inventory policy reveals a substantial change in the short span of a year.

According to the PURCHASING WEEK survey, some 65% of today's P.A.'s say they are operating either on a hand-to-mouth basis or on a 30-day supply. Last year the comparable figure was barely over 50%.

60-Day Inventories

The percentage of P.A.'s operating with supplies of 60 days or less is even more startling. More than seven out of every eight executives now fall into this category. P.A.'s operating with 90 or over days' supply are a rarity today.

The falling trend in stocks is underscored by latest Commerce Dept. figures on holdings of "purchased materials." Over the past five months, for example, supplies of these materials held by hard goods purchasing executives declined by a significant 7%.

That's in sharp contrast to in-

ventories of finished goods (goods already off the production lines). In the durables field, manufacturers report stocks of these finished goods up a sharp 17% above last year. This bulge (which represents a decline in final demand) will keep purchases of many materials low—even when inventories are scraping bottom, according to some experts.

No Immediate Buying Surge

The general feeling is that no immediate buying surge is in the cards. A majority (53%) of executives queried, for example, say they anticipate no significant change in buying activity over the next 60 to 90 days. The remaining 47% are almost evenly divided between those who see a pickup (24%) and those who expect to reduce buying below the fourth quarter 1960 pace (23%).

The former say they will increase buying activity by an average 18% in the first quarter 1961; the latter estimate they will reduce inventories by an average of 20%.

A sizable number of firms (47%) say they are still in the process of reducing inventories, but most expect to hit bottom sometime during the first quarter. Here's the way members of this group targeted their lower levels for P.W.:

Target	% of Respondents
January	8
February	13
March	3
End 1st Quarter	13
End 2nd Quarter	7
Later	3

But while there is every indication that the downtrend in inventories will be arrested, few P.A.'s responding to the survey could see any incentive to start increasing stocks again. In fact, according to the survey, two out of every three P.A.'s indicated that a sales pickup would have no appreciable effect in days' supply.

The 2 to 1 ratio holds equally well for hard goods and soft goods buyers—and for both raw materials and purchased components. It's further indicated that the swing toward tighter inventories is general—hitting every important segment of the economy.

The major reasons behind the new close-to-the-vest trend are underscored in the table in column 3, which gives the percentage of P.A.'s who rate one of the listed factors as playing a key role

in their own inventory reduction program.

Why Reduce	% of Respondents
Ample Supplies	26
Disappointing Sales	24
Need for Working Capital	19
Speedy Deliveries	15
Uncertain Business	13
Need to Cut Costs	12
Improved Inventory Control	10
Tight Money	7
Profit Squeeze	6
Expect Lower Prices	5
Obsolescence	3

Many of the responses on "ample supply" included comments about suppliers who are gradually taking over the buyers' warehousing functions. Said one Southwestern metal buyer, "If one supplier won't do it, we can always find two others who will be glad to."

New Wrinkles

However, for a few firms this new trend has some interesting wrinkles. As one paper company P.A. put it: "There are two sides to this warehousing coin."

"While it enables us to carry lower raw paper stock, it also means our firm has to warehouse more and more finished paper products for our customers. I really don't know if on balance we're better off at all."

The large percentage of P.A.'s who cited the "need for working capital," "need to cut costs" and "profit squeeze" as decisive factors in their inventory policy points up top management's growing emphasis on purchasing's cost cutting role.

The fact that only a small 5% noted the expectation of lower prices as a factor in holding off on inventory buying adds support to the industry-wide consensus that current over-all price stability will continue well into 1961.

Shadow of Obsolescence

Obsolescence, although rated as a decisive factor by only 3% of the respondents, shows signs of casting a long shadow into the future. As industry operations become more complex, more and more P.A.'s are finding that they have to consider this factor.

Laments one West Coast P.A.: "Too many changes in our line make inventory a risky business. We never know when a key item is going to become obsolete."

He goes on to say, "I've been burnt twice this year—and you can be pretty well sure it's not going to happen again."

—This Week's—

Purchasing Perspective

JANUARY 2-8

(Continued from page 1)

Optimistic steelmen are predicting that metalworking customers will perk up in their steel buying by the second quarter. It's nearly unanimous that the first quarter will be slow although almost any improvement would look big in comparison to the miserable showings of November and December.

Price competition continues hard particularly among steel warehouses. And producers, fully recognizing the intensifying competitive struggle for customers, are stepping up their activity in customer service and promotional work hand-in-hand with increased efforts to develop new and improved steels.

• • •
Meanwhile, reports of spectacular price concessions continue to circulate throughout the industry. Some firms, particularly in the East, claim to have made special "deals" at mill levels, but most of the price shading is at the warehouse level where some suppliers are flirting with bankruptcy by shaving prices so thin.

In aluminum, price-cutting also has hit hard at warehousemen and independent fabricators. Buyers, enjoying the competitive battle in this metal, quickly knocked down the mill price increase posted last August on selected aluminum products. Much of the price impact has been felt in aluminum sheet and plate.

• • •
Walter Reuther's position as a bellwether in the 1961 labor picture (see story p. 1) has some of his Detroit critics downgrading the role he and the UAW have played in winning many of the labor benefits they claim to have originated. The benefits in question include: supplemental unemployment benefits (first proposed by Ford Motor Co); escalation and the productivity concept (GM originals); the short work week (temporarily abandoned by Reuther but espoused by all other labor); and fully paid health and welfare (won in 1960 by the steel workers).

Reuther's intellectual leadership in organized labor centers around what he considers to be genuine social reform. Members solely interested in a fatter pay envelope long ago discovered that such views are not always compatible with UAW democracy. Convention delegates who occasionally suggest a bold try for more pay usually are annihilated by rhetoric from the chair.

Thus, come July when negotiations with the auto industry begin, watch for trends to better severance pay, relocation benefits, retraining and fully paid health insurance.

• • •
Buyers' Guide—Japanese producers have cut steel sheet prices again, this time by \$2- to \$5-a-ton . . . **Look for the Civil Aeronautics Board** to lower or remove altogether this year the present minimum rates on air freight movements.

Strike in Belgium Delays Deliveries For Key Importers in United States

(Continued from page 1)
ruption in the production schedules," the company said, but added it would not be possible to determine the exact extent until the strike is settled.

Wilmette, Inc., another major Belgium import and export firm, also warned customers of delays,

but indicated it was scheduling export shipments from the U. S. in the belief that the strike would be short lived.

A company spokesman said there would be delays of at least two weeks on import items.

Belgian American Merchantile Corp. passed all inquiries to the Belgium commercial consulate. A spokesman at the consulate said it had not issued any notices on the strike and could not estimate how long it would take to get things back to normal.

The strike was called to protest a government austerity program designed to offset revenue losses from the Congo.

According to government figures, the major areas of Belgian (and Luxembourg) exports to the U. S. in 1959 were: steel mill products, \$157-million; iron and steel manufactured products, \$4-million; nonmetallic products \$114-million, including glass exports of \$25-million; nonferrous alloys, \$9.3-million; aluminum products, \$9.5-million; copper products, \$8.9-million, and chemicals \$11-million.

Price Changes for Purchasing Agents

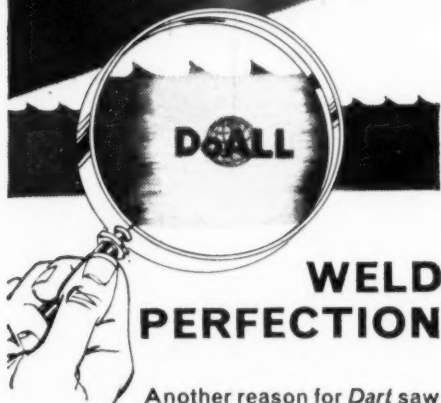
Item & Company	Amount of Change	New Price	Reason
INCREASES			
Foam rubber (Airfoam), pin core, Goodyear, Jan. 10 . . .	3%	....
Motors, 600 hp. plus & synchronous, Allis-Chalmers . . .	to 10% plus	....
Kerosene, diesel, #2 fuel oil, Kentucky Standard, gal. . .	.005	....	good demand
REDUCTIONS			
Glycerin, natural, ref., USP, CP., 99%, tanks, lb. . . . .	.02	.27125	oversupply
USP, CP., tanks, lb. . . . .	.02	.2625	oversupply
High gravity, tanks, lb. . . . .	.02	.27	oversupply
Glycerin, synthetic, ref., 99%, tanks, lb. . . . .	.01	.2725	competition
96%, tanks, lb.02	.2625	competition
Valonia, cups, ton	\$15.00	\$60.00	
Menthol, Brazilian, lb.15	\$8.25	quiet demand

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A REPORT FROM ALCOA



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who
must
decide
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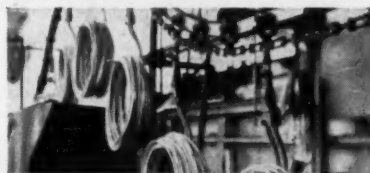
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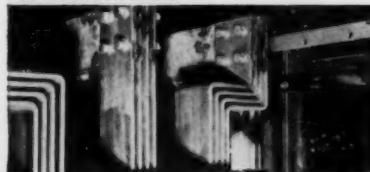
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Aluminum wire and cable



Aluminum conduit



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